CANADIAN Taxpayers FEDERATION
Fighting for taxpayers

THE TAXPAYER

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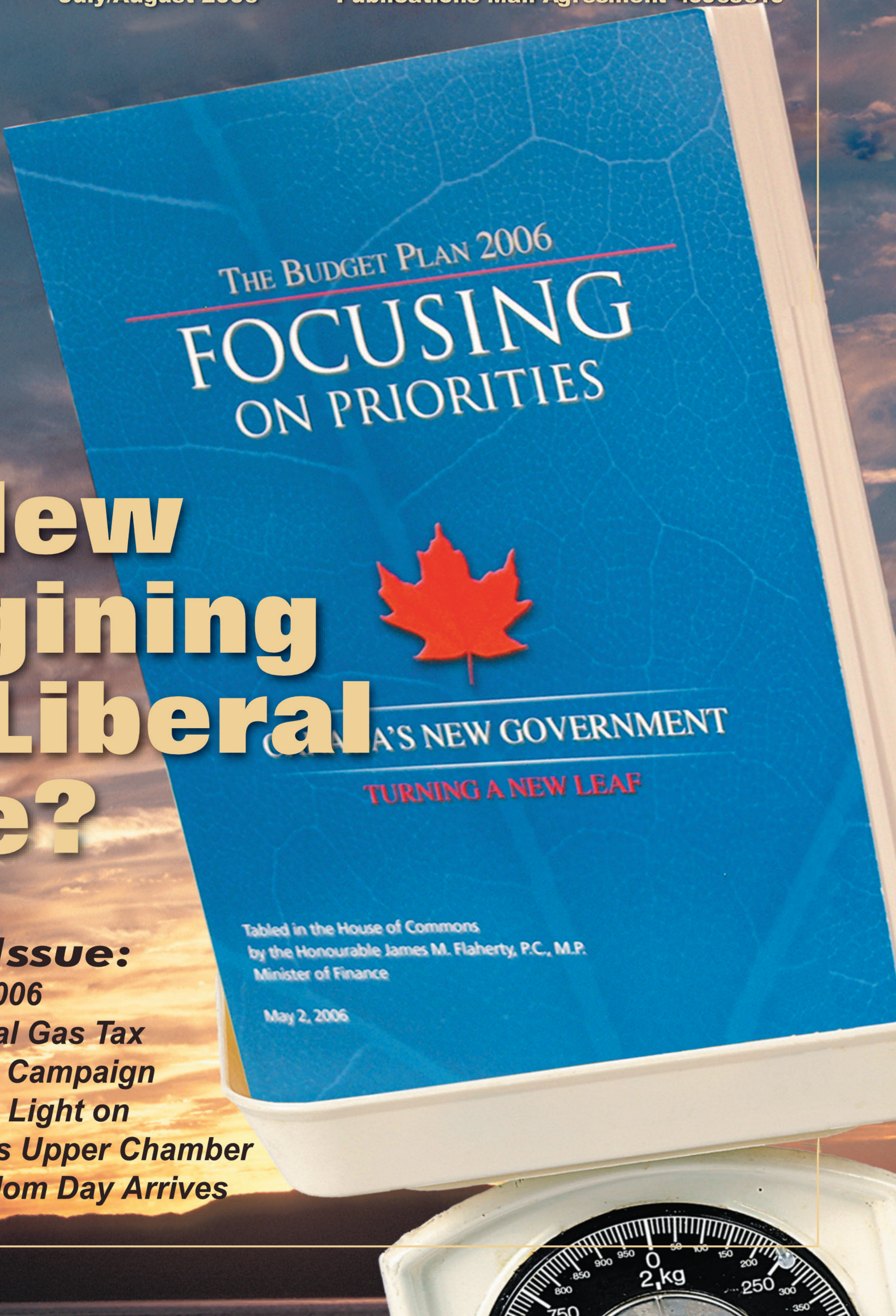

A New Begining or Liberal Lite?

In this Issue:

- Budget 2006
- 8th Annual Gas Tax Honesty Campaign
- Shedding Light on Canada's Upper Chamber
- Tax Freedom Day Arrives

From the editor

Troy Lanigan is the CTF's
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A new CTF Chapter in Policy Reform

Your CTF is pleased to announce creation of the Policy Reform Division. Effective immediately, the Centre for Aboriginal Policy Change will fold into the Policy Reform Division with primary focus on aboriginal and health care advocacy.

Created in 2002, the Centre for Aboriginal Policy Change (the Centre) was not only a CTF first; but a Canadian first: a full-time, permanent and professional advocacy presence to monitor, research and provide alternatives to current aboriginal policy.

"Effective immediately, the Centre for Aboriginal Policy Change will fold into the Policy Reform Division with primary focus on aboriginal and health care advocacy."

Ten years ago few would criticize the status quo in aboriginal policy. Conventional wisdom held that a little more money and one more land claim would improve the lives of Canada's aboriginal population. Of course nothing could be further from the truth. And in fact, the status quo served neither taxpayers nor natives.

The Centre's principles were concise: support for individual property rights, equality, self-sufficiency and democratic and financial accountability. Under the capable leadership of Tanis Fiss the Centre issued reports, collected petitions, made presentations, spoke to groups – native and non-native -- and conducted countless media interviews. Our successful intervention in a seminal court case that made its way to the steps of the Supreme Court decreed that all taxpayers are equal before the law. Measured progress was achieved.

Heath care shares similarities with our work on aboriginal policy in three ways: both are significant taxpayer issues. Both have few -- if any -- voices opposing the status quo. And both require a consistent, dedicated and long term commitment to change.

Importantly, creation of the Centre allowed us to successfully focus our message and advocacy under one umbrella. Now we want to expand this formula to a broader range of issues like health care. A Policy Reform Division allows us the flexibility to do that.

Like the national debt clock that we toured so many years earlier, the first step in change is confronting the truth in a provocative yet constructive way. Look for your CTF to continue to plant those long-term seeds in the years before us.

. . . .

She was just 18 when she came to work for us as a clerical assistant in Regina. Thirteen years later she leaves as the CTF's Financial Manager/Comptroller/IT saviour! On behalf of all of us at the CTF, thank-you Andrea Dolter for your years of dedication and outstanding service. Best wishes in Calgary!

. . . .

Neil Desai arrives this summer after completing his Masters degree at the London School of Economics to take on spokesperson responsibilities in Ontario. Neil grew up in Oakville and previously worked as a legislative assistant in Ottawa. Welcome aboard Neil … we're certain Premier McGuinty is anxious to hear from you!

July-Aug 2006

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Waste Watch

No MLA left behind

It's official. Every single Saskatchewan NDP MLA has some sort of position – a secretariat, cabinet post or committee chair – that gives them an automatic raise of at least $12,000 per year. The most recent appointments were Joanne Crawford as Legislative Secretary to study the music industry, Lon Borgerson as a Legislative Secretary to study organic farming and Peter Prebble as legislative secretary for renewable fuels.

The NDP now has 19 cabinet ministers, 4 committee chairs, 3 legislative secretaries, 1 caucus chair, one whip, a speaker and a deputy speaker.

These appointments bring the salary of a back bench MLA from $73,000 to $85,000.

A "Giant" Waste

The Canadian Broadcasting Corporation (CBC) announced that at this time its production "Prairie Giant: The Tommy Douglas Story" will no longer be available for sale or rebroadcast.

The movie was produced by the Saskatchewan-based Minds Eye in association with the CBC. The Saskatchewan NDP government has a 15% ownership stake in Minds Eye and Canadians a 100% ownership stake in CBC. In addition, the movie received a $614,000 Centennial grant from Saskatchewan's NDP government and a handout from Telefilm (Ottawa's film slush fund).

There were a number of complaints that the movie in its effort to deify NDP premier Tommy Douglas, satanized former Saskatchewan Liberal Premier Jimmy Gardiner. It wrongly portrayed him as an alcoholic, when in fact he was a teetotaller.

It also portrayed Gardiner as vindictive and arrogant. One scene has Gardiner publicly vilifying strikers at the Estevan coal mine. In a province-wide radio broadcast, he called them communists and supported the suppression of the strike which resulted in a number of miners being killed. In fact, Gardiner was not premier at the time of the strike and the broadcast never took place.

After receiving numerous criticisms of how Gardiner was portrayed, the CBC hired an independent historian to study Gardiner's portrayal. After viewing this report, the movie was pulled.

With files from CBC / *Regina LeaderPost* / *National Post*

How we doing?

City council in London, Ontario has just approved a $50,000 expenditure to PMG Consulting to survey residents and businesses to find out how people feel the city is being run.

The money will be spent on focus groups and a random survey of 1,000 residents and 200 businesses.

Some residents are already suggesting the money could be better spent repairing roads, lowering taxes, picking up garbage and stopping crime.

With files from thelondonfog.blogspot.com / *London Free Press*

Oh the irony

The Department of Defence spends between $400 and $500 million a year on fuel and lubricants and — like every other Canadian — is frustrated with high prices.

So last November, the Navy asked the Martin government for — hold your breath — a break on gas taxes.

The Navy argued that though their frigates fill up with petrol in Canada, they should not have to pay the federal excise tax on gas consumed outside Canadian territory (12 nautical miles).

For years, the Airforce has received such a rebate on aircraft fuelled in Canada, but flying outside Canadian territory. Foreign military ships purchasing gas in Canadian ports also receive tax

Fighting Quebec separatists in ... China

rebates on fuel consumed outside the country. As well, regulations exempt the Navy from paying taxes on items such as beer, taken and consumed on international trips.

As a result, the Martin government agreed to provide a fuel tax rebate to the Navy, retroactive to April 1, 2005. The Navy expects to save about $1.2 million a year. It will, however, require strict record keeping to track fuel usage in and outside of Canada.

Using the same argument, the Navy is also approaching provincial governments for a rebate on provincial excise taxes.

One wonders whether Canadians should receive similar tax breaks on gas purchased in Canada but consumed in the US? And what about a rebate on provincial excise taxes when driving outside one's home province?

With files from the *Globe and Mail*

We told you so . . .

For years, your CTF has opposed corporate welfare, arguing that if the product is good and the demand is there, government subsidies are not necessary for a business venture to succeed. Well folks, pound another nail in the coffin of government handouts.

The musical Lord of the Rings will close September 3, 2006 taking with it 3 million Ontario tax dollars.

In October of last year, it was announced that the Ontario government was subsidizing a musical broadway production of J.R. Tolkien's *Lord of the Rings*. It was a for profit venture being produced by Toronto's Mirvish Productions. With an estimated price tag of $27 million, it was the largest venture ever put on by Mirvish and suggested by some the most expensive musical produced anywhere.

The massive costs which included paying the salaries of 55 actors, plus production crew, required significant attendance revenue that never materialized.

Critics said the musical was "largely incomprehensible." The *New York Times* summed: "Everyone and everything winds up lost."

With Ontario's soaring taxes and debt, the last thing taxpayers needed was to sink money into a high risk venture such as this — the failure rate for Broadway musicals is 80%.

The *New York Times* which first broke the story on the Ontario government's financial involvement described it as "an act of unprecedented government showmanship."

But a review by the United Kingdom's *Daily Telegraph* wasn't so kind concluding, "It just goes to prove you can't always solve a problem by chucking money at it."

With files from the *Toronto Sun* / CTF news release / *BBC News*

Pity the Europeans

With creation of the European Union (EU) and its parliament comprising 25 nations, taxpayers in Europe are obligated to pay for yet another level of government.

And — not surprisingly — the EU parliament is entertaining ideas for new sources of revenue. The EU currently receives money from import duties, sales taxes and member contributions. But it wants more.

One idea being discussed by a working group is to tax e-mails and phone text messages. Because billions of e-mails and text messages are sent on a daily basis, this is thought to be an excellent source of revenue.

The proposal put forward by Alain Lamassoure — Member of European Parliament from France — suggests a tax of 1.5 cents on every text message and .00001 on every e-mail.

No doubt politicians from around the world will be watching this development with great interest ... and so should taxpayers!

With files from the *National Post*

You've got taxes.

Waste Watch

Will the real yo-yos please stand up

The city of Edmonton coughed up $50,000 so 30 American actors could run around Washington, D.C. handing out yo-yos. No, we are not making this up.

They gave away 10,000 yo-yos as a way of promoting Edmonton in the US capital. On one side was printed the website for Edmonton's Economic Development Office and on the other, the words Edmonton Festival City were proudly emblazoned. Of course, if that was not enough to imprint the name Edmonton in the minds of Washingtonians, the American actors wore Edmonton caps and t-shirts.

It was all part of a week long celebration of Alberta in the American capital that started June 30th. It coincided with an exhibition of Alberta at the Smithsonian Folklife Festival.

In an interview with the *Edmonton Sun*, Alberta director Scott Hennig said, "People are going to be outraged. They've seen tax increases for years here, and their money is going to hand out yo-yos in Washington, DC. It's absolutely ridiculous."

With files from the *Edmonton Sun*

Stopping the separatists

Chuck Guite, the senior bureaucrat in charge of the Sponsorship program in the 1990s, was recently found guilty of five counts of fraud involving GroupAction.

The government stated that $2.1 million in contracts was awarded to the company and $1.5 million simply disappeared. This included doubling the value of one contract by $500,000 without requiring any additional work. Then a few weeks before his retirement, Guite sent a letter stating that GroupAction no longer had to fulfil its obligations under another contract.

GroupAction has since gone out of business and its president Jean Brault was previously found guilty of two counts of fraud and sentenced to 30 months in jail.

The trial revealed some interesting expenditures which the Liberal government considered necessary to fight Quebec separatism. During the trial it was revealed that:

- $150,000 was given to Health Canada for a television program to run in China;
- Guite stated that $10 million was given to fund a 26-part television series in China entitled Dashan & Friends; and
- $6,850 was given to help pay for the unveiling of a plaque in Italy. The funding request came from the office of Public Works Minister Alfonso Gagliano.

With files from www.canada.com / *National Post* / *Globe and Mail* / Netscape News / CTV.ca

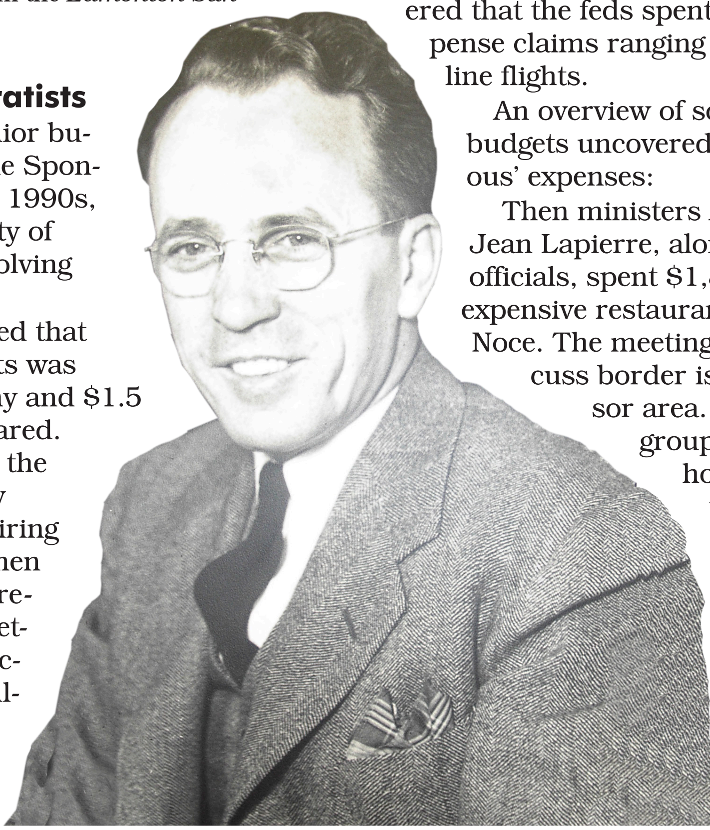
Expensive travel

Maclean's magazine studied the federal government's annual expenses from December 2003 to December 2005 and discovered that the feds spent $1.2 billion on expense claims ranging from meals to airline flights.

An overview of some of the expense budgets uncovered some very 'generous' expenses:

Then ministers Anne McClellan and Jean Lapierre, along with nine senior officials, spent $1,842 on a meal at an expensive restaurant in Toronto called Noce. The meeting was called to discuss border issues in the Windsor area. One member of the group insisted that alcohol was not charged to the public purse, which means the meals alone cost $167 each.

The Privy Coun-



Was the "Prairie Giant" a giant taxpayer-funded flop?

courtesy the Saskatchewan Archives

cil hired John Watson — who was living in BC — for two consecutive one year contracts to work as a consultant on aboriginal policy for former Prime Minister Paul Martin.

Because Watson's contracts were only one year in length, he was not required to move to Ottawa. Instead, he racked up over $234,000 in expense claims for almost weekly flights to Ottawa over the two year period. Because of his status, he was allowed to fly business class and flights were consistently around the $3,000 mark. Compare this to Philippe Rabot, former chair of the RCMP external review committee, who only spent $278.42 flying exactly the same route.

By flying economy class on just 10 round trip flights per year, Watson could have saved taxpayers $40,000 a year. In addition, Watson racked up $21,966 for hotel rooms in 2005.

While Environment Canada was studying the supposed global warming affects of aviation emissions, assistant deputy minister Norine Smith was flying around the world. She spent $105,621 on 14 flights in 2005 to discuss the effects of global warming. This included a $8,544 flight to Paris. With a bit of advanced booking, she could have flown business class to Paris for $3,550. Ironically, the purpose of this trip was to "study the cost of inaction on global warming."

However, the king of expenses was none other than Canada's ambassador to France, Claude Laverdure. He spent $311,800 on hospitality during the two year period. This included $7,600 for "cocktail parties."

With files from *Maclean's* magazine.

Grit or Tory, Same Old Story?

Tim Naumetz, a free lance reporter, exposed another self-serving scheme on Parliament Hill. MPs just increased the amount they can spend on living costs in Ottawa from $20,000 to $24,000 a year – a 20% increase. The change was done secretly; it was not subject to a House of Commons vote; and although approved May 1st, it was only disclosed to the public at the end of June as MPs jetted off for their summer recess.

Unfortunately, there is more. Naumetz discovered another trick used by MPs to fleece taxpayers: MPs with a house in Ottawa may direct a $75 daily meal allowance to pay down their mortgage. This is in addition to a $25 accommodation allowance MPs receive 365 days a year if they own an Ottawa home.

Back in 2000, MPs were paid a salary of $68,000 and a tax-free allowance of $26,000. When changes were made the following year, lawmakers included the allowance as part of their salary package and simultaneously granted themselves an additional 20% pay raise. Overnight a base salary of $131,400 was established and a modest $10,000 expense allowance was implemented.

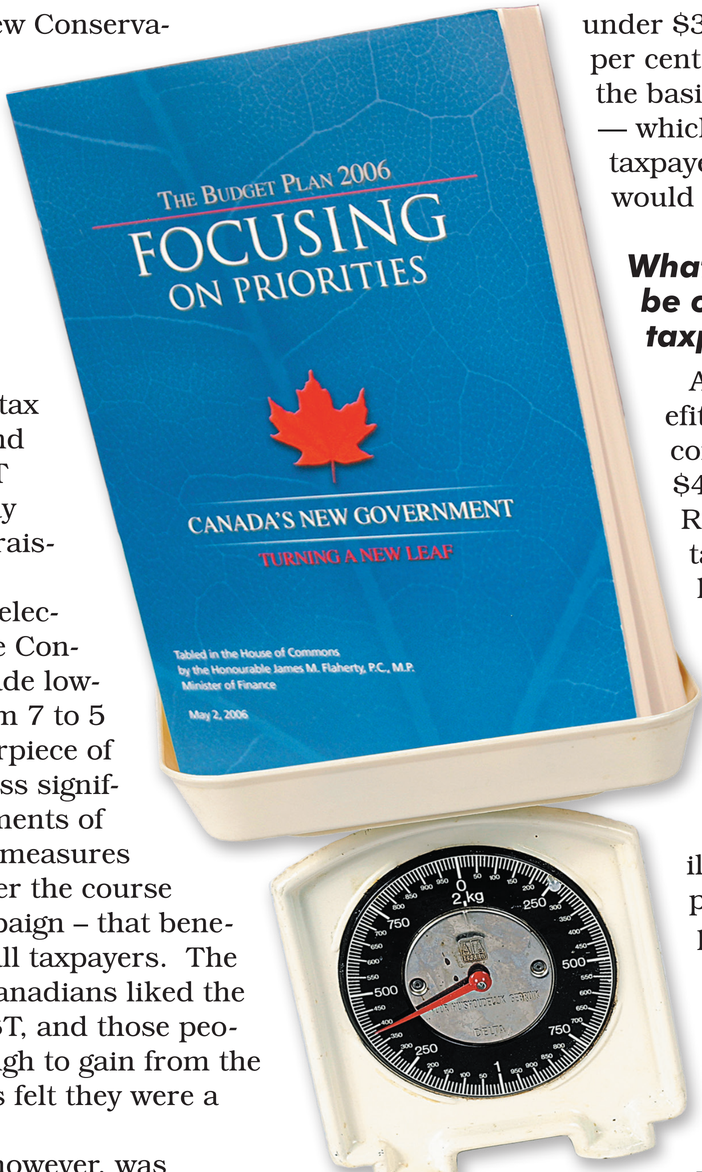
Five years later, MPs have never had it so good. Salaries and allowance have increased dramatically. Pay stands at $147,700 a year – placing lawmakers in the top 2% of all Canadian income earners – and the annual expense allowance is now $24,000. This is to say nothing of their obscenely generous gold-plated pension plan.

With files from the *Sun Media* / CTF

Canadian Navy get gas tax break

courtesy Department of Defence

A New Begining or Liberal Lite?



by John Williamson
Federal Director

Before the new Conservative government delivered its inaugural budget in early May, your CTF made the issue of lower taxes its litmus test for taxpayers. Would Finance Minister Jim Flaherty give tax relief with one hand by cutting the GST only to take it away with the other by raising income taxes?

During the last election campaign, the Conservative Party made lowering the GST from 7 to 5 per cent the centerpiece of its tax agenda. Less significant were assortments of targeted tax relief measures – also unveiled over the course of the winter campaign – that benefit some, but not all taxpayers. The vast majority of Canadians liked the idea of a lower GST, and those people fortunate enough to gain from the various tax credits felt they were a good idea too.

Less pleasant, however, was the other half of the Conservative tax plan. Without much fanfare, the party revealed in January that in order to afford a lower GST it would repeal income tax breaks announced by the Liberal government in November. This meant higher personal income taxes: the lowest tax bracket applied on income under $35,600 would *rise* to 16 per cent from 15 per cent and the basic personal exemption — which is the level of income, taxpayers can earn tax-free — would increase by $700.

What would the impact be on Canadian taxpayers?

A one-point GST cut benefits Canada's 27 million consumers to the tune of $4.5-billion every year. Raising the first income tax rate by one-point and lowering the basic exemption is worth roughly the same amount. (The tax credits proposals for students, seniors, public transit users, fishermen, tradespeople and families with kids in sports programs are worth approximately $1.5-billion on an annual basis. They offset some of the loss, but these gains do not flow to *all* Canadians.)

The net impact of reversing income tax cuts and lowering the GST on the federal treasury would be neutral, but the same could not be said for individual taxpayers. This is because 15.5 million Canadians pay income taxes, which would mean the vast majority of income taxpayers would be losers under the original Conservative plan. The income tax reductions save

an average taxpayer $350 a year – an individual would need to purchase $35,000 in goods and services for a similar GST saving.

For the majority of taxpayers – the middle class – hiking income taxes would more than cancel the gains taxpayers were looking to pocket from a lower GST. It was sounding like another Ottawa shell game. It meant that virtually every Canadian with an annual income between $10,000 and $85,000 would be better off financially with the Liberal income-tax breaks than with a one-point GST cut and targeted income-tax breaks. Even two-income earners with a combined income of $100,000 would pay more tax overall.

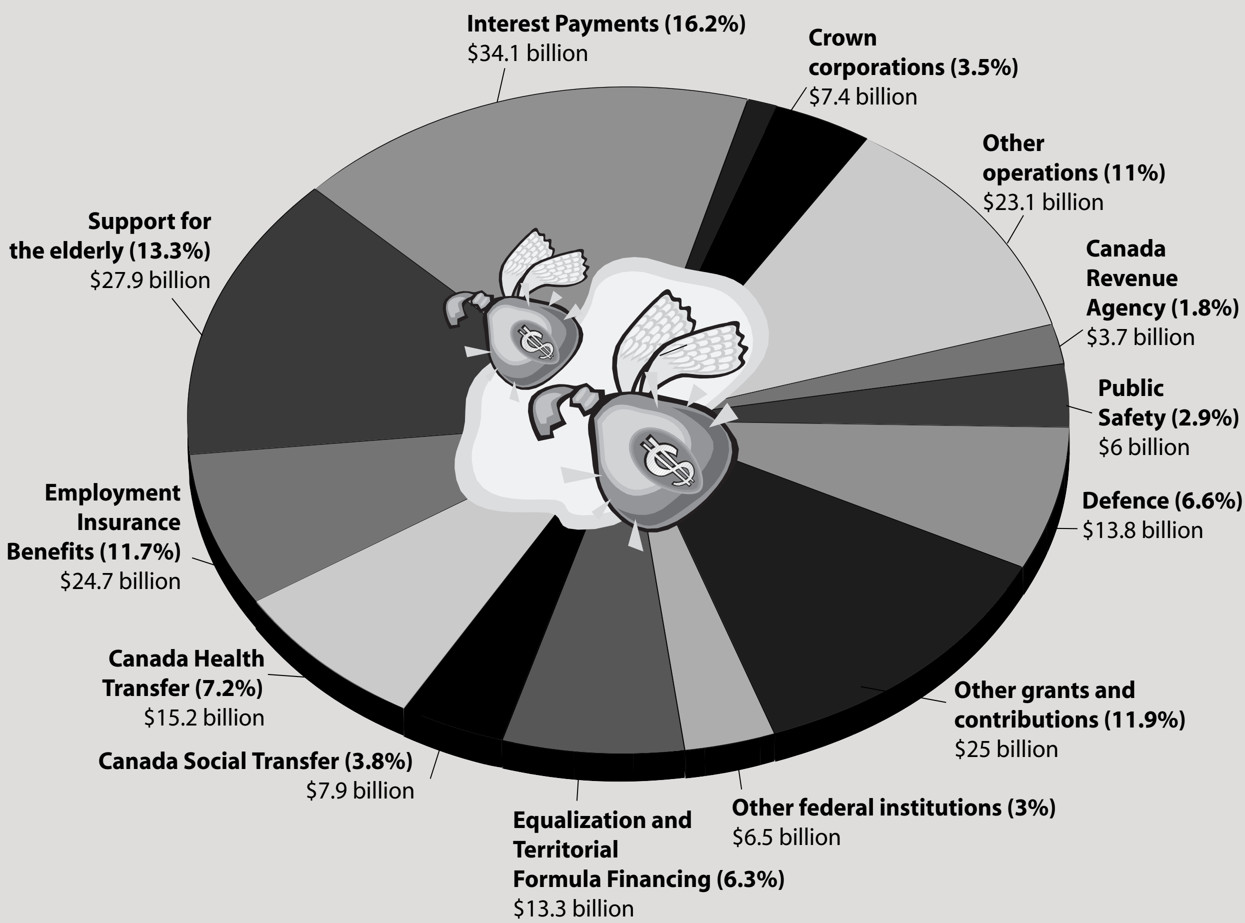
This was simply unacceptable. Ottawa has been running multi-year and multi-billion dollar surpluses. A surplus is a fancy word for over-taxation. It is estimated that surpluses will top $8-billion each year over the next 5 years. Implementing the Conservative tax plan and repealing the Liberal reductions would see the federal government continue to pile up massive surpluses.

By working through the media, writing opinion editorials in newspapers, appearing on radio and television, meeting with government officials, and encouraging you, our supporters, to contact the finance minister, your CTF made the case that there was no reason

Federal Government Budgetary Expenditures

Fiscal year 2004-05 -- Total expenses: $210.5 billion

Source: Department of Finance Canada -- Totals may not add up to 100% due to rounding

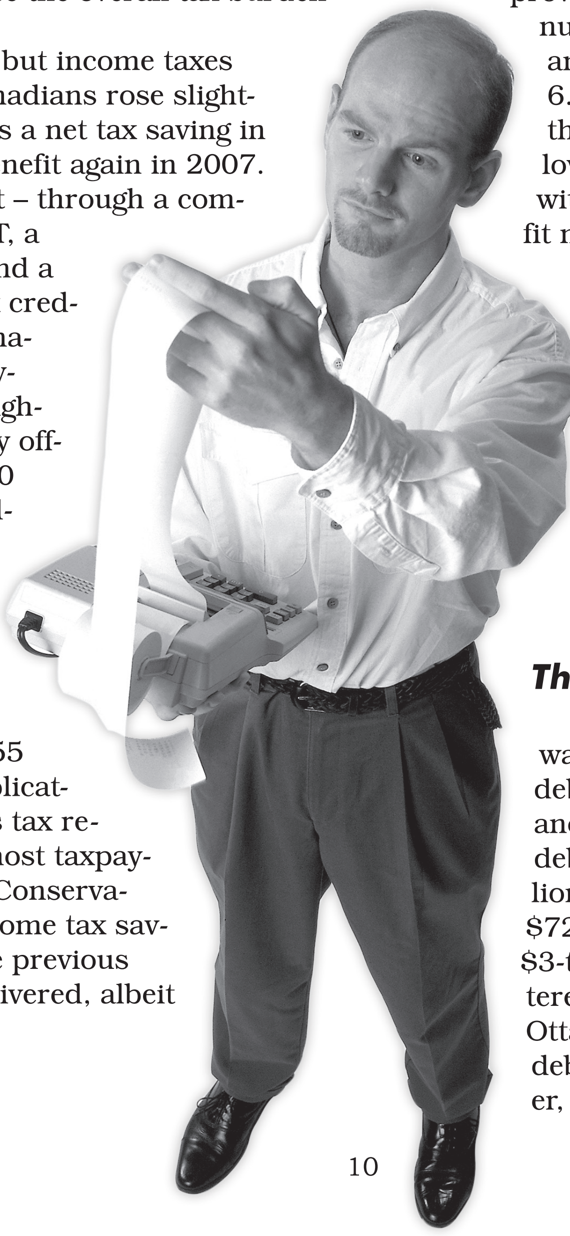


to increase *any* tax on budget day. Our message to the Harper government was to keep lower income taxes *and* reduce the GST. It could be done — Ottawa has the surplus money. And we reminded the government this sleight of hand would only serve to reinforce public perception that Ottawa is simply unwilling to give working Canadians an honest tax break.

The pressure paid off

On budget day, the Conservative government was convinced it could not risk raising the overall tax burden of any Canadian. The government's tax plan is not perfect but it allows the finance minister to tell Canadians the budget will reduce the overall tax burden paid by all.

The GST was cut, but income taxes paid by ordinary Canadians rose slightly. The bottom line is a net tax saving in 2006 and a larger benefit again in 2007. Mr. Flaherty's budget – through a combination of a 6% GST, a 15.5% income tax, and a new broad-based tax credit for all working Canadians – left no taxpayer worse off. (The higher tax rate is partially offset in 2006 by a $250 employment tax credit worth $38. It is entirely offset next year when the employment tax credit rises to $1,000, the value to taxpayers will be $155 annually.) It is complicated, but it qualifies as tax relief, which pleased most taxpayers. In the end, the Conservatives ensured the income tax savings promised by the previous government were delivered, albeit on their own terms.



More good tax news

The budget also moved to reduce a series of regressive corporate taxes, particularly on small firms. The amount of income eligible for the small business 12 per cent tax rate increased to $400,000 from $300,000 on Jan. 1, 2007. Ottawa also abolished the capital tax and announced it will eliminate the corporate surtax in two years and reduce the general business tax rate to 19 per cent from 21 per cent by 2010. Entrepreneurs and businesses have reason to cheer.

The group that benefits the most from the 2006 budget is Canadian households with young children. They rocket ahead thanks to the government fulfilling its promise to provide all families with an annual $1,200 child care allowance for each infant under age 6. This benefit is to be taxed in the hands of the spouse with the lower income, meaning families with a stay-at-home spouse benefit more.

> "The government's tax plan is not perfect but it allows the finance minister to tell Canadians the budget will reduce the overall tax burden paid by all."

The debt & surplus picture

Mr. Flaherty announced Ottawa will reduce Canada's monster debt by $8-billion last year and another $3-billion in 2006. The debt currently stands at $486-billion and has been reduced by $72-billion since 1998, saving $3-to-$4-billion a year in lower interest payments. It is good news Ottawa is continuing to pay down debt. It is unfortunate, however, the Harper government did not

implement a legislated debt reduction schedule to guarantee annual debt repayment.

Spending not sustainable

The Conservative election platform vowed to "limit future growth on federal grant and contribution programs and by federal departments and agencies (other than National Defence and Indian Affairs) to the rate of inflation plus population growth." Instead, all the government committed to do in the 2006 budget was review government programs to identify $1-billion in spending cuts this year and another $1-billion in 2007. In fact, spending will continue to rise.

As the *National Post's* Andrew Coyne observed "the budget proclaims its devotion to curbing runaway Liberal spending, complete with a promised 'new approach to expenditure management' (how many times have we heard that before?). Yet what is the actual Conservative spending plan? To spend more than the Liberals did – more even than they planned to.

You think I jest. Look it up: Program spending for 2005/06, the fiscal year just ended, was first budgeted at $161.3-billion. By last November's Economic Update, that had risen to $163.7-billion. Five months later, the Tories wrestled that down to — wait for it — $165.4-billion!

The same holds for the current fiscal year. Program spending, as of November: $170.7-billion. As of the Liberal election platform: $172.8-billion. As of this budget: $174.8-billion. And next year as well: Conservative spending will exceed the update's projection by nearly $5-billion. Bear that in mind in the coming months, as you listen to the screams of the wounded."

"Program spending for 2005/06, the fiscal year just ended, was first budgeted at $161.3-billion. By last November's Economic Update, that had risen to $163.7-billion. Five months later, the Tories wrestled that down to — wait for it — $165.4-billion!."

A new beginning or Liberal lite?

If the government is capable of reducing spending in its non-priority areas and holding down growth in others, the Conservatives will be able to offer broad-based income tax relief in next year's budget. It can be done.

Every year Ottawa spends $25-billion on federal grants, contributions and subsidies. These transfer programs are paid by government departments to fund projects or work of individuals, companies, organizations and groups, and even other governments. Trim and cut this spending — and in many cases eliminate it — and dramatic tax relief is not a promise, but a reality.

If, however, spending continues to rise, the opportunity to cut taxes will be lost. The prime minister, his finance minister and entire cabinet have their work cut out for them. Your CTF will encourage them to take the path taxpayers favour.

The 2006 budget should be considered the new government's warm up act – a good start. The 2007 budget will test whether or not the Conservative's adopt a Liberal lite approach to governing or instead reign in Ottawa's worst excesses and adopt a pro-growth strategy to fuel economic growth and give Canadians the tax break they deserve.■

Auditor Examines Aboriginal Spending

Each year the auditor general documents and details billions in misspent and misallocated federal tax dollars. In this segment, Director of Policy Reform Tanis Fiss summarizes Auditor General Sheila Fraser's recent examination of aboriginal drug and housing programs.

Auditor: Stop the Drug Abuse

Health Canada manages – and we use the term loosely here folks – a federal drug benefits program for eligible status Indians living on and off reserves and for Inuit. The auditor's (AG) May 2006 report finds that the number of clients obtaining more than 50 prescriptions over a three-month period has almost tripled since the AG last reported on the program in 2000.

One of the reasons for ballooning prescriptions is Health Canada not tracking who gets what and how many. Thus, prescription drugs can be sold on the street, are subject to abuse, and result in huge monetary loss for taxpayers.

The federal government provides Non-Insured Health Benefits (NIHB) to eligible status Indians and Inuit. Non-insured health benefits include prescription drugs, medical transportation, dental, medical supplies and equipment, vision, crisis intervention counselling, and provincial health care premiums, (where applicable). The NIHB program costs taxpayers more than $550 million each year.

In September 2002, the First Nations and Inuit Health Branch of the federal government began a consent form program to gather information from individuals who access benefits under the program. The process was required in order to meet federal, provincial and territorial privacy requirements.

"The auditor's May 2006 report finds that the number of clients obtaining more than 50 prescriptions over a three-month period has almost tripled since the AG last reported on the program in 2000."

Consent would provide the NIHB with the ability to better target benefits and manage the program. Moreover, the information would reduce abuse and misuse by cross referencing information with prescribers, providers and clients.

The consent form program was killed due to loud opposition from Indian lobby groups such as the Assembly of First Nations (AFN). The AFN claimed the consent forms would result in the privacy of status Indians and Inuit being jeopardized. What is truly amazing is that the consent — sought by NIHB — is required of *any* Canadian who wishes to receive benefits.

Tracking health records to avoid fraudulent use of the system is not brain surgery. Several provinces have passed legislation that mandate the collection of health records. Why have other Canadians not protested the disclosure of electronic health records? Because Canadians realize it will reduce duplication, speed up diagnosis, reduce fraud and provide overall better care.

It is time Health Canada followed the AG's recommendations and acted in the best interest of all NIHB clients and taxpayers by tracking health records.■

Auditor:There's Mould in the House

by Tanis Fiss
Director of Policy Reform

Once again the auditor general's report reveals problems with on-reserve native housing. Specifically, mould contamination. The Department of Indian Affairs has identified the main factors contributing to mould in housing as a lack of proper care and maintenance, inadequate ventilation, poor site selection and drainage, overcrowding, and improper construction.

How is this possible?

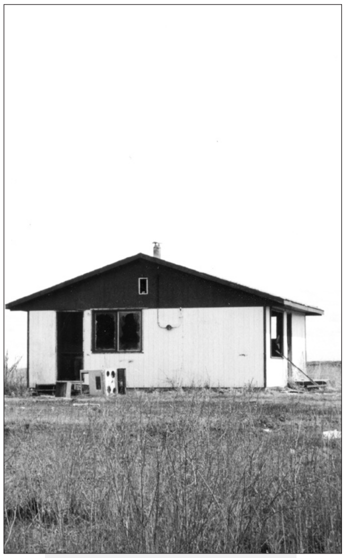
Blame the system and lack of home ownership.

As the AG's report notes, there is a fundamental problem in the relationship between the main players: Indian Affairs, CMHC, Health Canada and native bands. It seems these organizations cannot agree on their roles and responsibilities. To make matters worse, according to Department of Indian Affairs internal audits, some native governments fail to account properly for existing responsibilities and funding.

Even well-intentioned native leaders have difficulty fulfilling their oversight responsibilities. For instance, band councils are supposed to ensure that any new housing meets National Building Code standards. But bands often have no way to ensure new housing meets these codes, which helps explain the high percentage of substandard housing.

Furthermore, land on a native reserve is owned by the Crown and controlled collectively by the native band council, not by individuals. As a result, native Canadians living on reserves do not own their houses in fee simple, that is to say "outright". As the well-known expression goes, no one ever paid money to wash a rented car. This leads to a lack of desire on the part of native Canadians to maintain, repair, or renovate their homes.

Needless to say, this is not a reflection of native Canadians themselves, but rather an indictment of our government's native policy: federal law does not permit those who live on Indian reserves to own their homes. Since they cannot sell their houses to recover their investments, residents have no economic incentive to spend money on improvements.



"Pride of ownership provides a powerful motivation for individuals to improve their property."

For the same reason, there is no reason for housing developers and other entrepreneurs to create new building stock for private buyers.

Because fee-simple ownership of reserve land is forbidden, systems of what may be called "quasi-ownership" have emerged; for example, the use of Certificates of Possessions (COP).

When a band issues a COP, the landholder is deemed to have an interest in the property he inhabits. This interest may then be used to apply for mortgage financing. In return for a loan, a holder of a COP transfers his certificate back to the issuing band as collateral. The band then enters into an agreement with CMHC by which it pledges to assume the mortgage in the event of a default. Since COP holders can be dispossessed if they do not meet their repayment schedule, they will generally be motivated to comply with the terms of their loan. Once the mortgage is paid off, the certificate is transferred back to the individual.

Pride of ownership provides a powerful motivation for individuals to improve their property. Home ownership coupled with a better system to implement housing needs to be established; a system where all parties know and understand their responsibilities. Only then will the substandard housing and mould contamination be eliminated.■

Kyoto a Sham from the Start:

Seeking made-in-Canada solution to greenhouse gas emissions makes sense

by Lorne Gunter
originally appeared in the Edmonton Journal, May 14, 2006

The emperor has no clothes and the new Conservative government refuses to claim he does.

The emperor, in this case, is Canada's commitment to the Kyoto accord on greenhouse gas emissions.

It has been obvious for years that as a nation we would never come anywhere near the emission-reduction targets we agreed to when we signed on to Kyoto in 1997. Nearly a decade ago, we pledged to bring our emissions to six per cent below their 1990 levels by 2010. They stand at 35 per cent above 1990 and rising.

Still, the previous Liberal government, which was one of

the world's most vocal champions of the United Nations' climate change scheme known simply as Kyoto, would never admit Canada would fall far short of its targets.

Like some apocalyptic cult that has predicted a date for the end of the world but now finds its end-time has passed without Armageddon, the Liberals, rather than admit the targets they originally set were unattainable, kept chanting "it will happen, it will happen," despite all the evidence to the contrary.

The Liberals tried once to convince the rest of the world to give us credit against our Kyoto commitment for the carbon dioxide breathed in by our vast forests. When the rest of the delegates to that conference stopped using the index fingers of one of their hands to make circling motions at the sides of their heads and the index fingers on their other hands to point at the Canadian delegation, the Liberals then tried — I am not kidding — to get credit for the natural gas burnt in the United States. They reasoned that the U.S. was not taking credit for the gas since it was not a participant in Kyoto, and much of the gas it was burning came from Canada, and since gas is cleaner burning than coal or oil — voila! — Canada should take credit for U.S. use of natural gas.

When that disingenuous attempt failed too, Liberal Kyoto cultists kept the faith by insisting some magic-wand technology would appear that could enable us to live up to our Kyoto commitments without hobbling our economy or changing our lifestyle. They spent hundreds of millions, for instance, on hydrogen fuel cell technology.

There are two problems with fuel cell technology as a replacement for the internal combustion engine; one can likely be overcome, the other, perhaps not.

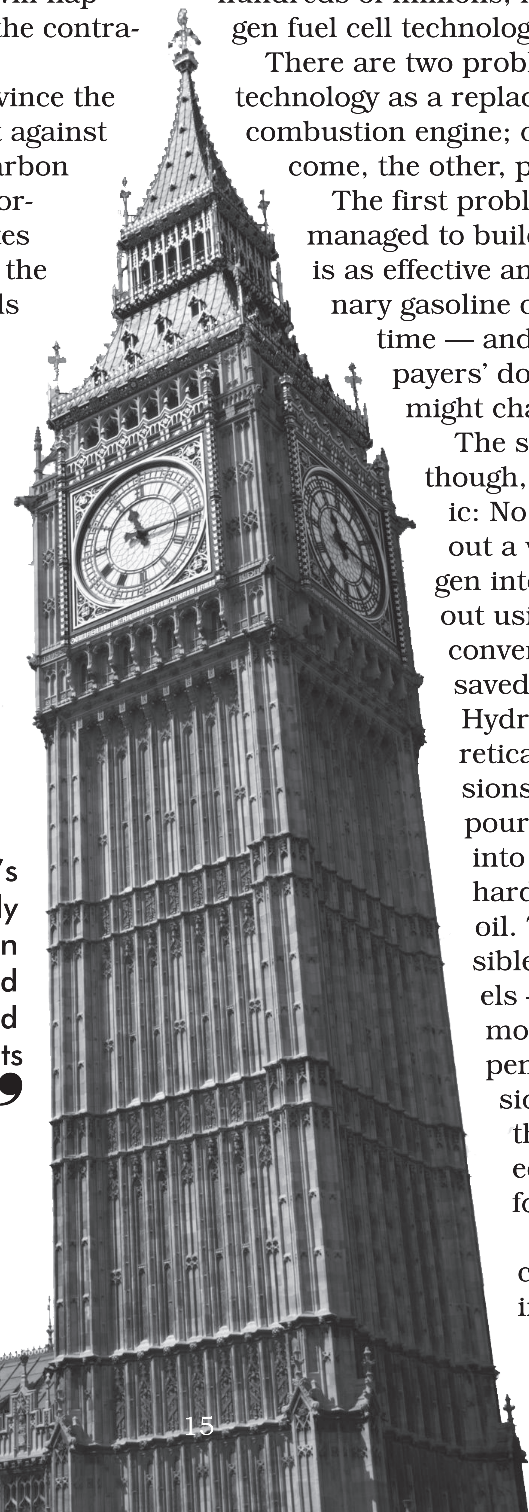
The first problem is that no one has managed to build a fuel cell engine that is as effective and powerful as an ordinary gasoline or diesel engine. Given time — and billions more in taxpayers' dollars for R&D — this might change.

The second drawback, though, is more problematic: No one has ever figured out a way to make hydrogen into a useable fuel without using more energy in the conversion process than is saved by burning hydrogen. Hydrogen cars would, theoretically, produce no emissions other than water vapour. But refining hydrogen into a usable fuel is much harder than refining crude oil. The only ways now feasible use carbon-based fuels — lots of them. So more emissions are expended producing "emissions-free" hydrogen than are being expended refining and burning fossil fuels.

Converting to fuel cells would cause a net increase in emissions.

Nonetheless, the Lib-

"A senior member of Britain's Blair government recently admitted to the Times of London that Kyoto was a "dead end" and Britain would come nowhere near its targets."



erals and their environmentalist supporters, both inside and outside government -- the federal government abounds with environmentalist activists on its payroll masquerading as objective analysts and scientists -- kept believing that some miraculous technological breakthrough, such as fuel cells, would enable Canada to reduce its emissions to levels prescribed by Kyoto with a wave of a magic wand.

[More recently], Conservative Environment Minister Rona Ambrose pulled back the curtain to reveal just how naked the Liberals' Kyoto emperor was.

We aren't going to make our Kyoto targets. We aren't even going to come close. So, Ambrose proposed, let's begin work on made-in-Canada solutions that reduce emissions in real terms and stop playing the window-dressing games of the previous government.

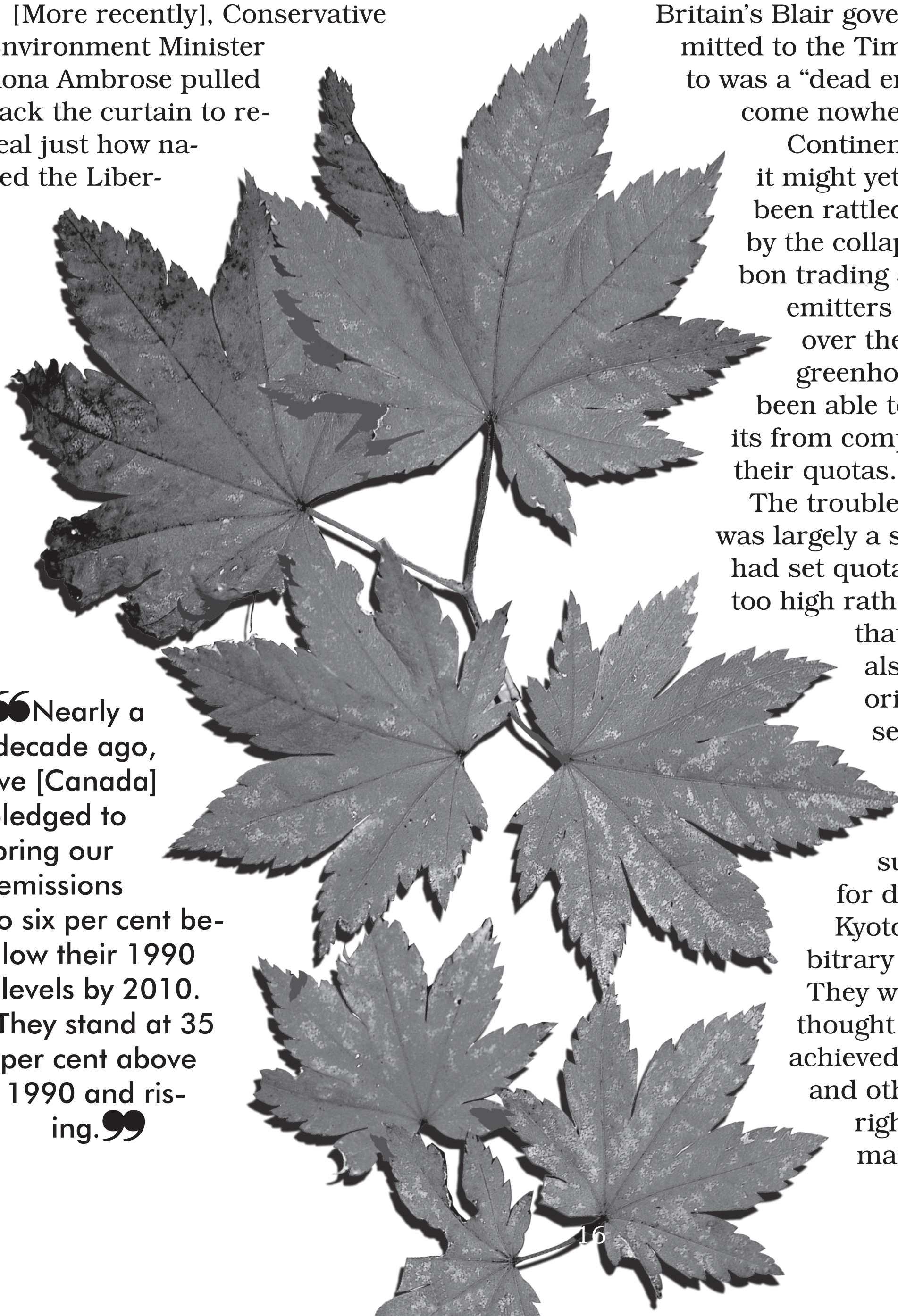
This doesn't make the Conservatives especially honest or unique. A senior member of Britain's Blair government recently admitted to the Times of London that Kyoto was a "dead end" and Britain would come nowhere near its targets.

Continental Europe's belief that it might yet meet its targets has been rattled in the past two weeks by the collapse of its EU-wide carbon trading scheme. European emitters who find themselves over their government-set greenhouse gases quotas have been able to buy emission credits from companies that are under their quotas.

The trouble is, the trading scheme was largely a sham. Governments had set quotas for key industries far too high rather then force cutbacks that would cost jobs. They also sold utilities their original credits at five to seven per cent of their face value; the utilities then passed on the full cost to consumers, reaping billions for doing nothing.

Kyoto's targets were arbitrary from the beginning. They were set without much thought to how they would be achieved. So the Conservatives and other governments are right to seek more pragmatic alternatives.■

"No one has ever figured out a way to make hydrogen into a useable fuel without using more energy in the conversion process than is saved by burning hydrogen."



"Nearly a decade ago, we [Canada] pledged to bring our emissions to six per cent below their 1990 levels by 2010. They stand at 35 per cent above 1990 and rising."

Are governments above the law?

by John Carpay
guest commentary

When governments impose illegal taxes, in violation of Canada's Constitution, should they be required to return the money to the taxpayers they wronged? This is the central issue in *Kingstreet Investments v. New Brunswick*, a case the Supreme Court of Canada began hearing in June].From 1985 to 1997, the New Brunswick government received tens of millions of dollars from an 11% "user charge" on liquor sales, paid by the owners of bars, pubs and nightclubs. This imposed a considerable burden, as businesses were required to pay this 11% in addition to the alcohol tax already included in the monopoly retail price set by the New Brunswick Liquor Corporation.

People who earn a living in the hospitality and entertainment industries challenged the 11% "user charge" as being an indirect tax, in violation of the *Constitution Act, 1867*. Only the federal government may impose an indirect tax, such as an import duty, paid by one person (e.g., a bar owner) in the expectation that it will be repaid by another (e.g., a bar patron). Canada's provinces must impose either direct taxes or user fees which cover the cost of a particular government program.

At trial, a New Brunswick court agreed with pub and bar owners, ruling that the "user charge" was an indirect tax and therefore unconstitutional, outside of the province's taxing powers. But while the government could no longer collect this tax, it could keep its ill-gotten gains. The trial judge believed that people who work in the hospitality industry suffered no financial loss, because the 11% tax was supposedly passed on to consumers in its entirety. Further, ruled the

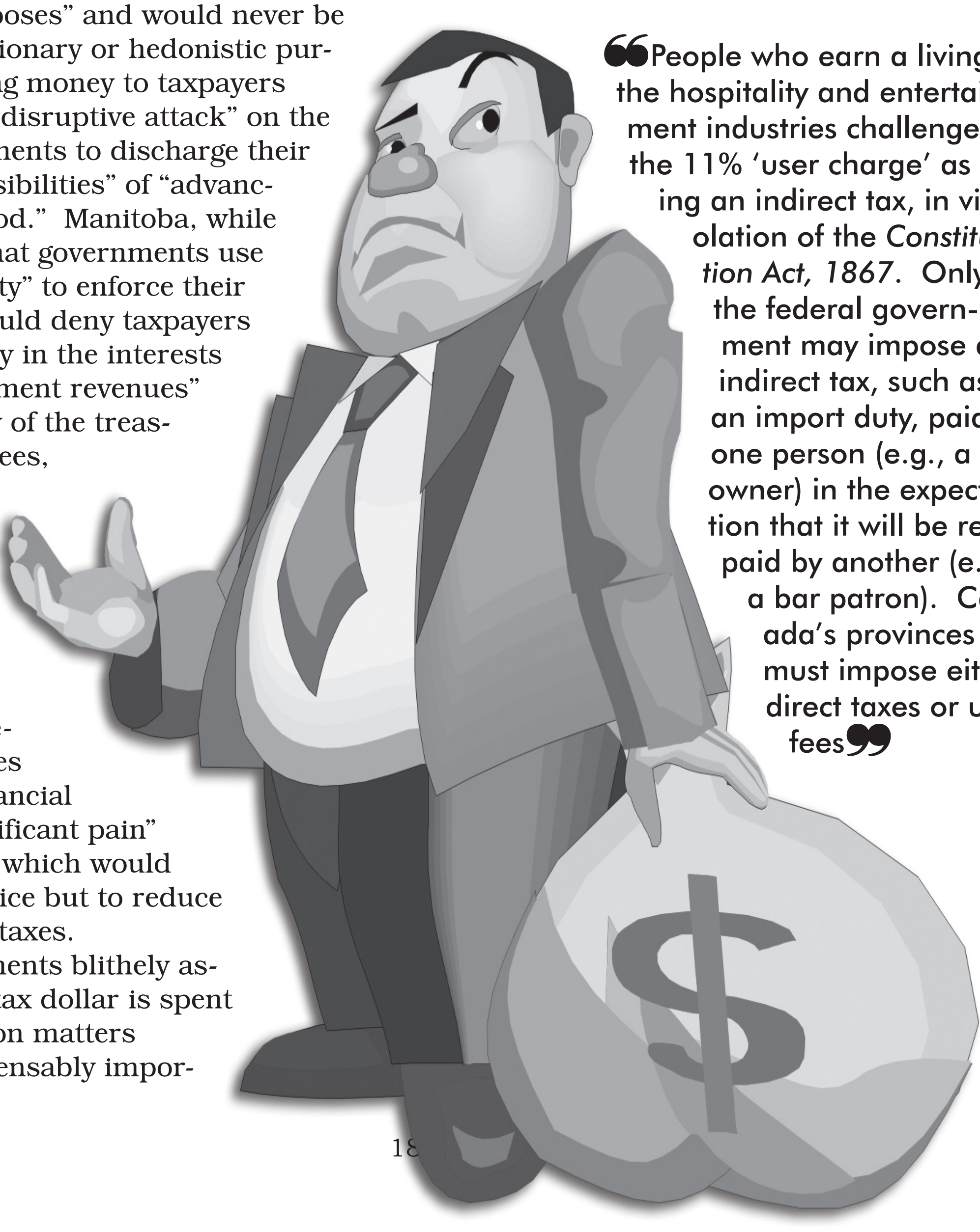
judge, the government might suffer "fiscal chaos" if required to repay its gains.

Thankfully, the New Brunswick Court of Appeal overturned the trial decision. Allowing the government to keep illegally obtained taxes would subvert the constitution, effectively rewarding governments for violating it. Further, citizens need an incentive to challenge invalid laws – an incentive that disappears if governments are automatically entitled to keep illegally collected revenues.

The governments of B.C., Alberta and Manitoba have intervened to join New Brunswick in arguing before the Supreme Court of Canada that governments should be able to keep illegal tax revenues. B.C. claims that illegally collected taxes are used only for "publicly beneficial purposes" and would never be spent on "discretionary or hedonistic purposes." Returning money to taxpayers would be a "very disruptive attack" on the ability of governments to discharge their "onerous responsibilities" of "advancing the public good." Manitoba, while acknowledging that governments use "coercive authority" to enforce their tax demands, would deny taxpayers a right of recovery in the interests of "stable government revenues" and "the integrity of the treasury." Alberta agrees, asserting that governments should be spared "difficult budget decisions." New Brunswick maintains that repaying illegal taxes would inflict "financial shock" and "significant pain" on governments, which would then have no choice but to reduce services or raise taxes.

These governments blithely assume that every tax dollar is spent wisely, and only on matters which are indispensably important to the public good. Apparently there is no waste, mismanagement or inefficiency in the public sector, not to mention misplaced priorities. The assumption which underlies the governments' arguments is that governments don't need any real accountability.

In the face of governments' insatiable appetite for more revenues, important constitutional principles are at stake in *Kingstreet*. There should be no taxation without representation. All manner of taxes, rates, fees and charges should be extracted only under legal authority, pursuant to constitutional principles. Governments should be required to honour the Constitution, facing penalties or other consequences when they don't. Taxpayers should have repaid to them that



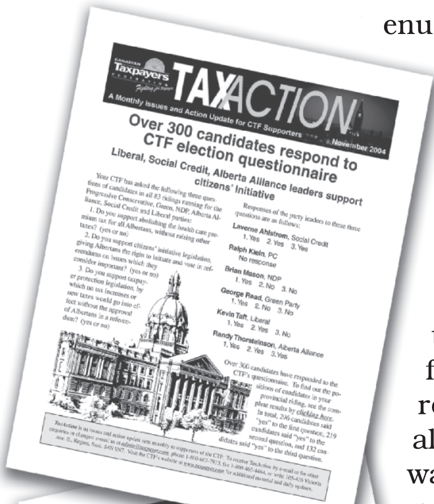
"People who earn a living in the hospitality and entertainment industries challenged the 11% 'user charge' as being an indirect tax, in violation of the *Constitution Act, 1867*. Only the federal government may impose an indirect tax, such as an import duty, paid by one person (e.g., a bar owner) in the expectation that it will be repaid by another (e.g., a bar patron). Canada's provinces must impose either direct taxes or user fees"

Illegal Taxes?

> “Thankfully, the New Brunswick Court of Appeal overturned the trial decision. Allowing the government to keep illegally obtained taxes would subvert the constitution, effectively rewarding governments for violating it. Further, citizens need an incentive to challenge invalid laws – an incentive that disappears if governments are automatically entitled to keep illegally collected revenues.”

which was taken illegally.

Fears of fiscal chaos are illusory, because illegally collected taxes constitute a tiny fraction of government wealth and income. Further, every government structures its finances so as to deal with unexpected revenue changes.



As for the claim that the owners and employees of New Brunswick’s pubs and nightclubs suffered no loss, this flies in the face of economic reality. If some or all of the illegal tax was “passed on” to patrons in the form of higher prices, these higher prices necessarily reduced sales and profit. Taxes also reduce the amount of money that small businesses have available to pay higher salaries to employees.

But even if businesses do succeed in recouping part of their losses, governments should still be held to account when they violate Canada’s Constitution. The rule of law, democratic accountability, federalism and other constitutional principles should not be sacrificed to satisfy governments’ practically unlimited desire for more tax dollars. Like everyone else, the government must take responsibility when it has done something wrong.■

John Carpay, former Alberta director of the CTF is executive director of the Calgary-based Canadian Constitution Foundation, an intervener before the Supreme Court of Canada in the Kingstreet case. www.canadianconstitutionfoundation.ca

Do you receive TaxAction?

Each month, your CTF sends out (via fax or e-mail) an issues action update. ***TaxAction*** provides you, our supporters, updates on timely policy developments and information on ongoing CTF campaigns.

A ***TaxAction*** prior to this year’s federal budget rallied supporters to make sure the new Conservative government got the message: no increases in income taxes to offset a GST cut!

If you are a current supporter, you are entitled to receive ***TaxAction*** either by e-mail or fax.

To receive *TaxAction*

Please call our administration offices using our toll-free number ***1-800-667-7933*** or e-mail us at ***admin@taxpayer.com.***

Free at Last . . .

by Adam Taylor

Tax Freedom Day (TFD) fell on June 19th this year. Calculated by the Vancouver-based Fraser Institute, TFD is the day you stop working for government and start working for yourself. Prior to June 19th the equivalent of all your income went to pay taxes to the three levels of government.

This year, TFD falls five days *earlier* than last year, thanks in part to the planned reduction in the GST and modest income tax relief. However, federal spending is still way up and multi-year, multi-billion dollar surpluses show that the tax burden faced by Canadians is still far too high. When is enough enough?

The Insatiable Hunger of the Tax Man

Canadians this year will work 169 days to feed the appetite of all three orders of government, chewing up 46 per cent of average family's income. Politicians insist broad-based tax relief isn't possible, yet millions of Canadian recognize that politicians don't tax to collect money that's needed – they find ways to spend the money collected. The more you give them – the more they'll spend. The answer? Across-the-board tax relief that leaves more in taxpay-

Taxes for average family with 2 or more individuals

Cash Income	Income Tax	Sales Taxes	Excise taxes, (liquor, tobacco, etc.)	Auto, fuel & license taxes	Social security, pension and medical	Property Taxes	Import duties	Profits tax	Natural resource levies	Other taxes	Total tax bill
79,396	12,573	5,938	2,311	964	7,943	2,261	322	2,789	731	817	36,650

Source: The Fraser Institute's Canadian Tax Simulator, 2006.

ers' pockets and less in government coffers.

"Surplus" is fancy word for over-taxation

Since the federal books were first balanced in 1997-98, the average annual surplus has been $7.8-billion. This is money over and above what is spent responsibly or irresponsibly. For fiscal 2005-06 the federal surplus is estimated to be between $8 and $12-billion, making it the ninth consecutive surplus. Nine straight years of large tax surpluses is not a sign of sound fiscal management. It is a sign that the federal government and all governments take too much money from taxpayers.

Statistics Canada reported on June 15, 2006, that the combined surplus for all Canadian governments was $26-billion last year (2005/06 fiscal year), the second highest level in 20 years. Governments collected revenues of $572.9-billion in taxes and spent $546.9-billion. The agency found "revenues were up 6 per cent, outpacing the 4.1 per cent gain in spending."

This is further evidence governments of all political stripes are taxing Canadians too heavily. The *StatsCan* figures are based on '05 data. The fiscal forecast for the current year is even rosier, meaning total tax revenues flowing to governments will continue to grow.

Give them less

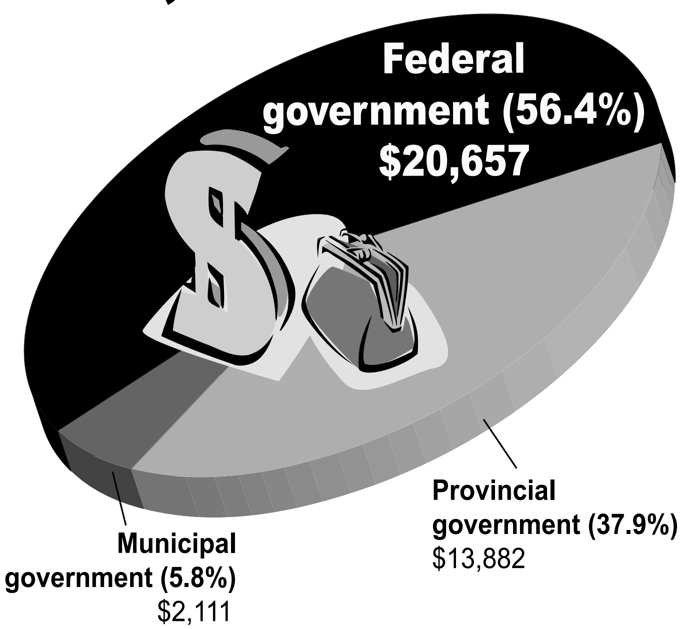
Tax Freedom Day aims to give taxpayers a greater picture of their overall tax burden. It is clear that governments at all levels take too much of our money and as the Sponsorship scandal and our annual Teddies ceremony shows, not all of that money is spent wisely. The only way to make sure governments spend taxpayers' money more responsibility is give them less in the first place.■

Tax Freedom Days

Province	Tax Freedom Day in 2006	% of income to pay taxes
Newfoundland	17-Jun	45.7%
PEI	11-Jun	43.9
Nova Scotia	18-Jun	45.8
New Brunswick	12-Jun	44.2
Quebec	27-Jun	48.3
Ontario	16-Jun	45.2
Manitoba	20-Jun	46.5
Saskatchewan	26-Jun	48.2
Alberta	6-Jun	42.7
British Columbia	16-Jun	45.5
Canada	19-Jun	46.2

*Based on total taxes as a percentage of cash income for families with two or more individuals. Atlantic provinces experience TFD earlier due to larger federal transfers as a portion of their revenues. Source: The Fraser Institute's Canadian Tax Simulator, 2006.

Breakdown of the Average Canadian Family's $36,650 Tax Bill



The average family with two or more individuals. Includes natural resource levies. Totals may not add up to 100% due to rounding. Source: The Fraser Institute's Canadian Tax Simulator, 2006.

Decisions, Decisions

The Senate has long been a hot topic in Canadian politics. This year's federal election campaign was no exception: should it be elected? Should it be abolished? Others raise concern about its geographic make up and annual cost to taxpayers. This *You Asked For It* attempts to shed some light on Canada's Upper Chamber.

by Adam Taylor

The Senate of Canada, sometimes known as the Upper Chamber, the Red Chamber or the Chamber of Sober Second Thought has been around since Confederation (1867). Back then, the annual salary for a Senator was $600, plus a $6 per diem. Today, the basic allowance for a Senator is $122,700. This not only puts our Senators in the top 3% of income earners in the country but proves the old adage "it's not what you know, it's who you know." This is because the Senate remains the ultimate patronage tool for the prime minister.

Officially, Senators are appointed by the governor-general on recommendation of the prime minister. But without question, appointing Senators is a powerful perk that comes with being Canada's chief executive.

In the less than three years he was Prime Minister, Paul "Mr. Democratic Deficit" Martin made 17 appointments to the Upper Chamber. This included defeated MP's, those who stepped aside for star candidates, and, most bizarre, members of opposition parties. Added to the absurdity of patronage is the Senate's regional make-up. For example, British Columbia with its 4.3-million citizens gets 6 senate seats. Meanwhile, New Brunswick with its 752,000 citizens is awarded 10. Similarly, Alberta has two more senators than PEI (6 to 4) yet has 3.2-million more residents. No wonder Senate reform's origi-

"British Columbia with its 4.3-million citizens gets 6 senate seats. Meanwhile, New Brunswick with its 752,000 citizens is awarded 10 seats. Similarly, Alberta has two more senators than PEI (6 to 4) yet has 3.2-million more residents. No wonder Senate reform's original roots are in the West!"

nal roots are in the West!

In fiscal year 2004-05, the Senate of Canada cost taxpayers $70.7-million. This includes salaries, staff, travel, and resources for committee work. Think about it: $71-million to support a democracy in which fully one-quarter of parliament's lawmakers are appointed!

The need for Senate reform will become even more apparent in the months ahead. For starters, Stephen Harper promised during the election to elect Senators. Yet in his first act as prime minister he appoints his national campaign co-chair to the Senate so that he can be named to the federal cabinet. Not exactly leading by example on day one.

Finally, it's worth noting the Liberals still hold 65 seats to the Conservatives' 23. This means Tory legislation sent up from the House of Commons could technically be blocked.

Regardless of what dynamic unfolds during the term of this minority government, the Senate will find itself in the spotlight. The opportunity to reform – or abolish – the Upper chamber is upon us!■

Make-up of the Senate

- 65 Liberals
- 23 Conservatives
- 3 Progressive Conservatives
- 5 Independents
- 1 NDP
- 8 Vacancies

One Special Intersection

Currently, there are 97 Senators sitting in the Upper Chamber with 8 vacancies yet to be filled. Of all the Senators, only one represents a specific street intersection. According to the parliamentary website Senator Peter Stollery represents the Toronto intersection of Bloor and Yonge. Appointed by PierreTrudeau in 1981, Senator Stollery will represent the fine people of Bloor and Yonge until November 29th, 2010, when he reaches the mandatory retirement age of 75.

Prov	# of Senators*	Population	Citizens pe Senator
BC	6	4,271,210	711,868
Alberta	6	3,281,296	546,883
Sask	6	992,995	165,499
Manitoba	6	1,178,109	196,352
Ontario	22	12,589,823	572,265
Quebec	23	7,616,645	331,158
NB	9	751,726	83,525
NS	8	938,116	93,812
PEI	3	138,278	46,093
Nfld	5	515,591	103,118
Nunavut	1	30,133	30,133
NWT	1	42,965	42,965
Yukon	1	31,235	31,235
Total	97	32,378,122	333,795

Notes: There are currently 8 vacancies in the Senate. (PEI-1, NB-1, NS-2, NL-1, ON-2, QC-1.) Population figures come from

8th Annual Gas Tax Honesty Campaign

The Thursday before the May long weekend marked your CTF's 8th annual Gas Tax Honesty Day and the kick-off of Gas Tax Honesty Campaign, calling for lower and dedicated fuel taxes.

This year's campaign demands Prime Minister Stephen Harper honour his pre-election commitments to lower fuel taxes (read: stop taxing taxes!) and allow municipalities to invest federal fuel tax dollars into roads.

The CTF also commended the Harper government for increasing federal roadway spending to 17% of fuel taxes up from just 7.2% last year. The arrows are finally pointing in the right direction!

CTF-Saskatchewan director David MacLean hands Robert Lewis-Erik $21 which represents the amount of taxes he paid on his $70 gas purchase. The money was handed out during a Gas Tax Honesty Day media event in Regina.

At press conferences across the country, CTF directors said it is time for governments to keep their word, restore fairness to the levying and spending of gas taxes and give taxpaying motorists a break.

In the past few months the price of gasoline in Canada has skyrocketed. Gasoline is now regularly over $1 per litre in every region of the country. Taxes make up approximately one third of the pump price.

In August, 2005, then Opposition Leader Stephen

CTF-BC director
Sara MacIntyre answers media questions regarding infrastructure needs during a news conference in Victoria.

Harper blasted the Liberal government for refusing to reduce gas taxes as prices soared. “There’s no reason for the federal government to profiteer when consumers are hurting,” he said.

Harper urged the government to give motorists a break, saying, “This is causing considerable dislocation. There are a lot of people on fixed incomes. There are a lot of businesses on thin margins that are going to be affected by this.”

Mr. Harper went further, saying there were numerous ways the government could ease the pain at the pumps: “They could knock the GST off of the excise tax. They could knock the GST off of gas above a certain price level.”

Last summer, Mr. Harper stated very clearly that gas taxes could be reduced by as much as 5 cents a litre. He even accepted 35,000 petitions from the Canadian Taxpayers Federation in October, 2005, that urged the federal government to cut gas taxes.

“In August, 2005, then Opposition Leader Stephen Harper blasted the Liberal government for refusing to reduce gas taxes as prices soared. “There’s no reason for the federal government to profiteer when consumers are hurting,” he said.”

Well, that was then and this is now. Stephen Harper is now in full retreat from his commitment to reduce gas taxes. Recently, he signalled that the one point reduction in GST was the only measure that would deal with gasoline levies.

Why would he change tunes so quickly, especially as skyrocketing gas prices leave taxpayers running on empty?

It’s simple. The federal government benefits immensely from higher gas prices. Because GST is charged on the *total* pump price, taxes included, GST

CTF-Alberta director Scott Hennig (l) stands in front of a large chart in Edmonton showing the fuel cost breakdown for taxpaying motorists.

revenues go up as gas prices increase.

Every ten cent increase in the price of gasoline pumps an additional $175-million into federal coffers. In 2006, the federal government stands to collect $1.8-billion in GST revenue from gasoline, up $400-million from 2005. In short, as taxpaying motorists get gouged, government revenues soar.

Stephen Harper and the Conservatives on Gas Taxes and Road Infrastructure:

- On August 18, 2005, then-Opposition Leader Stephen Harper blasted the Liberal government for refusing to reduce gas taxes as prices soared. “There’s no reason for the federal government to profiteer when consumers are hurting,” he said. “This is causing considerable dislocation. There are a lot of people on fixed incomes. There are a lot of businesses on thin margins that are going to be affected by this.”
- In Opposition, the Conservatives made repeated promises to remove the GST tax-on-tax bite and pledged to remove the GST completely when gasoline prices exceeded 85 cents per litre.
- The Conservative Party platform committed the government to expand the New Deal to allow all cities and communities – including cities with more than 500,000 people – to use gas tax transfer dollars to build and repair roads and bridges to improve road safety and fight traffic congestion.


Gas tax cut urged

VERTHORN

“That is not the case. Only 11 per cent of the federal money collected on gasoline actually goes back into roads.”

To illustrate his point, MacLean ... motorists fuelling their ... the equivalent amount of tax ... service

“We’re very optimistic with this new government because they’ve been talking the talk, now they’ve got to walk the walk.”

Stephen Harper had previou... criticized the Liberal governme... failing to reduce gas taxes.

Stephen Harper is now saying that high gas prices are here to stay and that paying them is something taxpaying motorists will just have to "get used to." Perhaps. But taxpaying motorists should not "get used to" paying GST on gas taxes and a "deficit elimination tax" on a deficit that was eliminated 8 years ago!

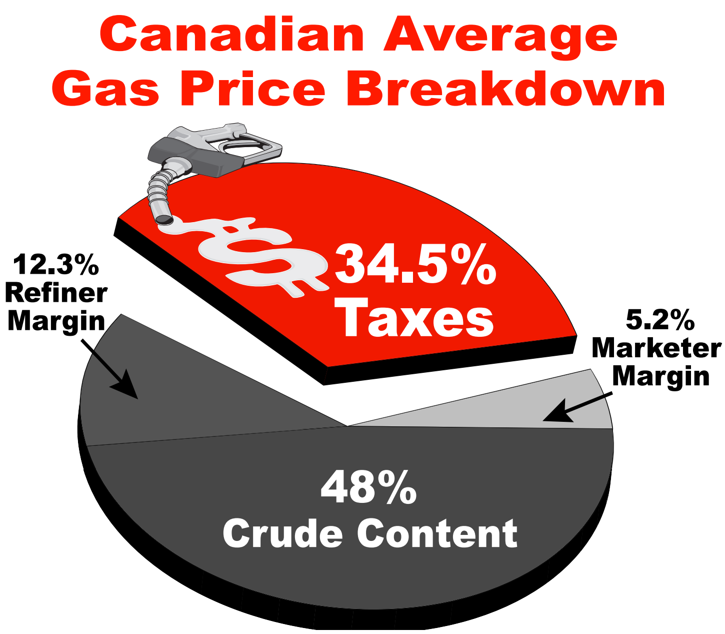
Your CTF continues to collect signatures on its gas tax petition that can be found by logging onto www.taxpayer.com or by calling (800)667-7933. To date, your CTF has delivered 150,000 petitions to Parliament Hill demanding half of federal fuel taxes be dedicated to a Municipal Roadway Trust with the remainder returned to taxpaying motorists in the form of lower taxes.■

Gas Tax Facts:

- Over the 12 month period May 2005 to April 2006, the average cost of a litre of gasoline paid by Canadian motorists was approximately 96 cents. This represents a 12-cent increase over last year's average price. Taxes account for an average 35% of the pump price. Gasoline prices have now jumped to a weekly average price of over $1 per litre in every region of the country.

- Of the $5.2-billion collected in federal gasoline and diesel taxes in 2005/06, Ottawa will spend 17% or $882-million on actual road and highway construction and maintenance.

- In addition, GST is charged on the full pump price, gasoline taxes included. It is a tax-on-tax. As the pump price increases so too does the GST. Two years ago, the federal government collected $1.4-billion in gasoline GST revenues. For every 10 cent increase in the price of gasoline, Ottawa's GST revenues rise by $175-million. Due to soaring gas prices, Ottawa will collect $1.8-billion in GST from gasoline in 2005/06, up $400-million over the previous year.



- As a deficit reduction measure in 1995, Ottawa increased the federal gasoline tax from 8.5 to 10 cents per litre. The deficit was vanquished eight years ago, but the tax remains and the federal government's gouging at the pumps continues even with multi-year, multi-billion dollar federal surpluses.

- In 2003, Canadian municipalities spent $6.4-billion building and maintaining roads. More than 80% of all roads in Canada are municipal roads.■

Each month CTF offices in five provinces and Ottawa handle hundreds of media interviews and inquiries, hold press conferences, publish reports, make presentations to government and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. CTF representatives also speak at functions and organize major campaigns nationally and in the provinces that lead to public policy change. The following highlights activities for the months of May and June 2006:

Abolish TransLink, taxpayers' group says

GOVERNANCE | Transportation is a provincial responsibility, panel told

BY FIONA ANDERSON
VANCOUVER SUN

In a submission to the provincial government, BC-director Sara MacIntyre argues the province should not be devolving responsibility – and taxing authority – to an unelected and unaccountable body.

MAY

FEDERAL: The CTF gives a mixed grade to the first Conservative budget in 13 years. While raising income taxes modestly and not delivering on promised gas tax relief, a cut in the GST coupled with business tax reductions leave taxpayers in a better overall position. And while debt continues to come down, spending rises even higher than what was budgeted by the previous Liberal government [see cover story page 8].

NATIONAL: At five news conferences across the country your CTF launches its 8th annual gas tax honesty campaign with a focus on getting Prime Minister Harper to keep his word to lower gas taxes and allow municipalities to invest federal gas tax transfers into roads and infrastructure. [see story page 24]

ALBERTA: Following on the heels of a submission in Edmonton, the CTF presents recommendations to the City of Calgary's Council Compensation Review Committee demanding fair and transparent remuneration starting with elimination of tax exemptions for salaries and expenses.

MANITOBA: On the anniversary of the province's *Freedom of Information Act* review, director Adrienne Batra issues a statement demanding action on 25 amendments submitted by a CTF led coalition two years earlier. Chief among the recommendations is appointment of an FOI commissioner.

JUNE

NATIONAL: The CTF responds to the announcement that Tax Freedom Day will fall on June 19. And while five days earlier than last year, it remains that the three levels of government consume 46% of the average family's income [see story page 20].

FEDERAL: At a news conference on Parliament Hill, CTF director John Williamson delivers 28,000 petitions to Public Safety Minister Stockwell Day demanding the long-gun registry be shut down. In May, the auditor general issued a report highlighting the continued upward spiral of costs, much of which was implemented without Parliamentary approval.

BRITISH COLUMBIA: The

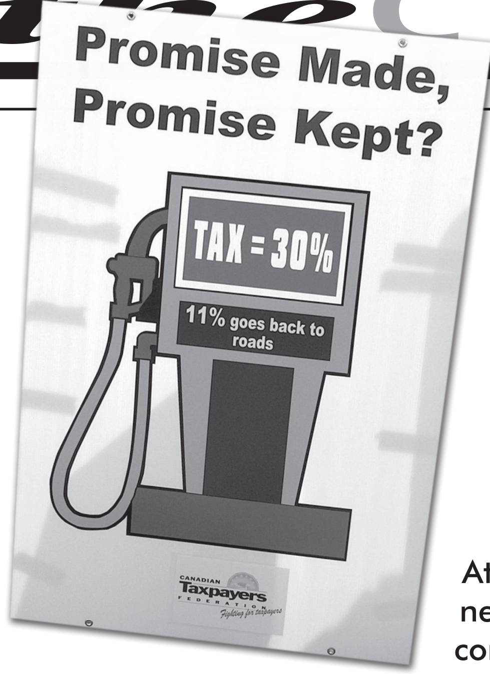
CTF calls for dissolution of TransLink in its submission to the provincial government's review of the regional transit authority. Director Sara MacIntyre argues the province should not be devolving responsibility – and taxing authority – to an unelected and unaccountable body.

ALBERTA: "Not fit to line a bird cage" is how director Scott Hennig describes recommendations by Edmonton city council's Independent Compensation Committee that recommended tax exemptions remain in tact and compensation be increased 21% for city councillors and 14% for the mayor. Council would later vote to accept the increases while the CTF launches a campaign and petition drive aimed at forcing a plebiscite on the issue in the fall of 2007.

ONTARIO: Research director Adam Taylor blasts passage of the ironically titled *Stronger City of Toronto for a Stronger Ontario Act* which grants new taxing authority to the city of Toronto (including sales, and land transfer taxes). Taylor points out the precedent will have other municipalities across Ontario and Canada lining up for similar tax powers instead of having to control their spending.

POLICY REFORM: Director Tanis Fiss blasts the Harper government for accepting an opposition amendment that removes a clause in the federal government's *Accountability Act* that would have allowed the auditor general to audit native reserves.

SASKATCHEWAN: In its submission to the Saskatchewan MLA Indemnity Review Committee the CTF calls for more transparent, fair and accountable pay including elimination of tax free salaries, transition allowances and an external indexing factor for future compensation increases.



At five news conferences across the country your CTF launches its 8th annual gas tax honesty campaign with a focus on getting Prime Minister Harper to keep his word to lower gas taxes.

Activity Report May and June 2006		
Office	**Media Interviews**	**Events/ Speeches/ Letters/Releases/ Reports/Meetings/Etc.**
Ottawa**	**300**	**27**
BC	**113**	**27**
Alberta	**106**	**33**
Manitoba	**81**	**28**
Sask	**58**	**18**
CAPC/PRD*	**52**	**14**
Total	**710**	**147**

* Centre for Aboriginal Policy Change became Policy Reform Division (PRD) in June '06. **Ontario numbers included in Ottawa totals.

British Columbia Olympics: up, up and away …..with your tax dollars

by Sara MacIntyre
British Columbia Director

Hardly a day passes without yet another story of Olympic spending gone awry. The past few months taxpayers have been dealt one bad hand after another.

The latest instalment came this past February when the head of the Vancouver Olympic Organizing Committee (VANOC), John Furlong, announced that venue construction costs were $110 million *over* budget.

Then the city of Richmond (this year's municipal Teddy winner) delivered another blow to residents when a $1.3 million art and sculpture budget – we're not making this up -- was approved for its Olympic Oval. The $118 million Oval had a few other budgetary shortfalls including – wait for it -- $22-million for parking forgotten in the original plan!

In June, taxpayers discovered that the federal government is forking over $9 million to install weather stations for forecasting the 14 day event. That's almost a million dollars-a-day to predict the weather. With that kind of coin, you'd think they could change the weather as well!

And the story doesn't end there. Security costs for the Games are expected to balloon, especially since the alleged terrorist arrests in Toronto. The original security price tag of $177 million is expected to at least double. And who is going to pay for it? Taxpayers. Whether it's the provincial or federal government covering the overruns, it's the taxpayer who pays the bills.

Given all the variables that could go wrong with preparing for the Olympics it was with some relief that VANOC announced it would release quarterly financial reports. The first report came in June with officials claiming that everything was on time and on budget!

However, what organizers neglected to mention was that they are expecting both the federal and provincial governments to make-up the $110 million construction shortfall.

2010 WINTER GAMES

THE PROVINCE | NEWS

Cost estimates zooming

NCIAL REPORT: One Whistler venue jumps 82% as organizers admit calculations 'fl

BY DAMIAN INWOOD
STAFF REPORTER

"Unfortunately, at the time we did these estimates, we did not have the Torino track cost, which was recently completed at a cost in excess of $110 million, and was probably more reflective of current … conditions to build a slid… said Wright.

"They [VANOC] are waving with one hand while the other hand is behind their backs with their fingers crossed."

— *Sara MacIntyre*, B.C. director, Canadian Taxpayers Federation

> "Then the city of Richmond (this year's Municipal Teddy winner) delivered another blow to residents when a $1.3 million art and sculpture budget – we're not making this up -- was approved for its Olympic Oval."

The Province

COSTS SLIDE $45M OVER BUDGET

OLYMPICS: Cost of Whistler Sliding Centre jumps by 82 per cent but officials say 2010 Games remain 'on track' NEWS A3

Bottom line: Operating expenditures are double revenues. Staffing, administration and marketing budgets hit $23 million. There remains no security plan. There remains no business plan.

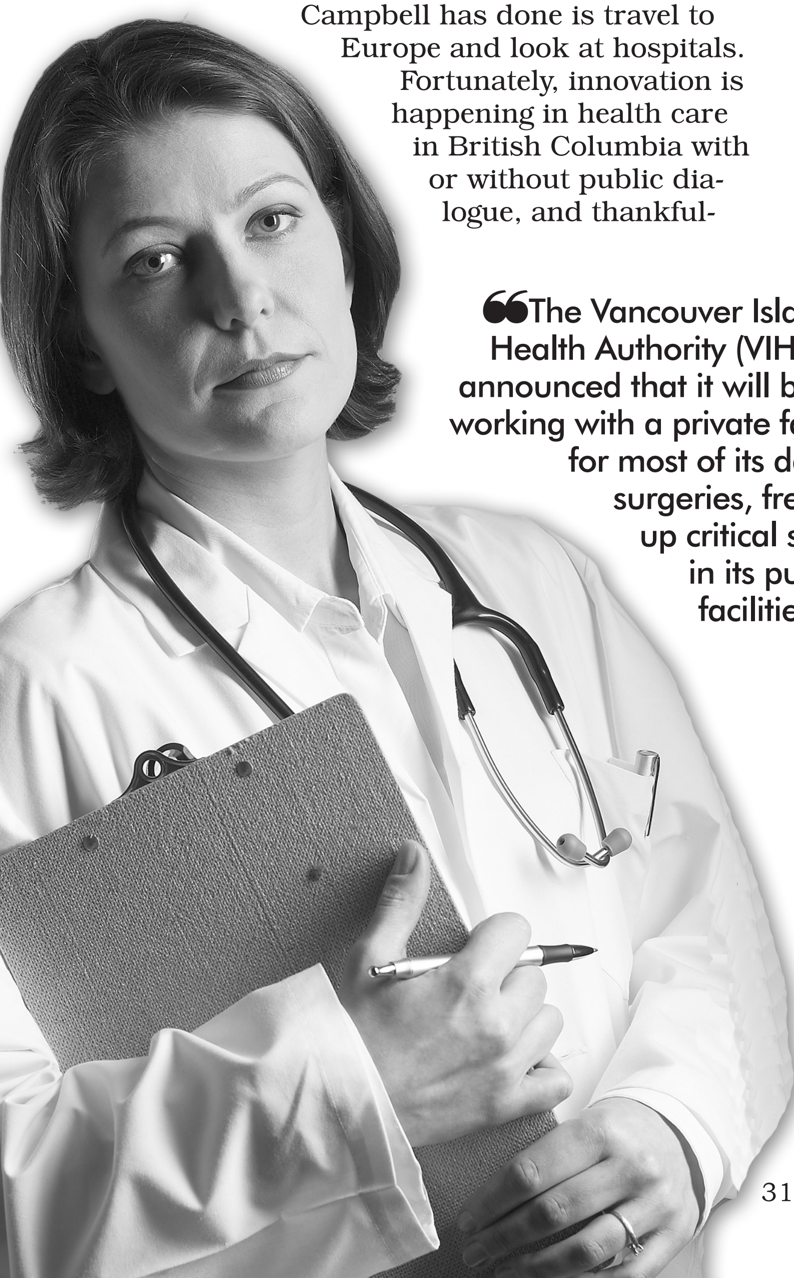
The CTF is on guard, urging the provincial government to bring in the auditor general to go over VANOC's books and to make the committee subject to the Freedom of Information law. Transparency and accountability must be hallmarks of bringing the Games to British Columbia!■

Health Care: A One-Sided Conversation?

It wasn't that long ago that your CTF was applauding Premier Campbell for his Throne Speech. He promised to have a real health care dialogue with the public.

Since then, however, all that Premier Campbell has done is travel to Europe and look at hospitals.

Fortunately, innovation is happening in health care in British Columbia with or without public dialogue, and thankfully so. Case in point: the Vancouver Island Health Authority (VIHA) announced that it will begin working with a private facility for most of its day surgeries, freeing up critical space in its public facilities. This approach puts patients first, getting them off wait lists and into the operating room.



> "The Vancouver Island Health Authority (VIHA) announced that it will begin working with a private facility for most of its day surgeries, freeing up critical space in its public facilities."

The private facility will be chosen in a competitive tendering process and is expected to include a clause that will prohibit doctors from reducing their hours in public hospitals. It makes sense, government-funded but privately delivered. Any progress with incorporating the private sector in health care is a move that should be applauded.

The first new hospital to be built in British Columbia in nearly a decade also partners' up with the private sector. The Abbotsford Regional Health Centre is being built as a private public partnership and is the first of its kind in Canada. The project, which was featured in these pages not too long ago, directly takes on the entitlement mentality of government health care unions. The private partner will design, build, operate and maintain the facility for the life of the contract with the government. That means the cafeteria and laundry room won't be staffed by high-priced government union workers; it's up to the private partner to pick its staff, ensuring efficient and effective use of limited tax dollars.

Inch by inch, little by little the health care system is changing. Admittedly at a snail's pace but any move toward a patient centred, choice oriented medical system receives a welcome ovation from the CTF.■

Transparency takes a nose-dive

Under the guise of protecting Albertans' privacy, Bill 20 ushers in a new era of secrecy in government.

The Alberta Legislature has sat for the last time with Premier Ralph Klein at its helm. During his last session, 41 government bills were passed and one private members' bill was passed.

As per usual, the vast majority of the 41 bills were housekeeping bills making fairly minor changes (harmonizing daylight savings dates, eliminating unused provincial produce standards, and changing the wording within existing acts from "Provincial Treasurer" to "Minister of Finance"). But of course it's not these housekeeping bills that raise the ire of opposition parties, the media and various citizen groups.

This session also saw passage of Bill 20, the *Freedom of Information and Protection of Privacy Amendment Act*. Initially, Bill 20 was sold to the public as being a necessity to protect Albertans' private information from being collected by foreign countries. However, the devil is always in the details.

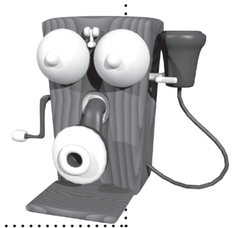
"Bill 20 also keeps the public (and your CTF) from being able to get copies of ministers briefing books (where they keep private advice they got from their departments) for a period of five years."

Bill 20 also keeps the public (and your CTF) from being able to get copies of ministers briefing books (where they keep private advice they got from their departments) for a period of five years.

Your CTF joined Alberta's Information and Privacy Commissioner in opposing this portion of the Bill, but our calls have so far fallen on deaf ears.■

Concerned:

Call the Premier at (780) 427-2251 (toll-free by dialing 310-0000 first) and ask him, what's in these briefing books that they're trying to hide?



Compensation, compensation and more compensation

by Scott Hennig
Alberta Director

Does it seem like everyone has their hand out at the same time? Edmonton city council, Calgary city council and Alberta judges are all "reviewing" their compensation right now.

But since they each have the power to vote (or rule in the judge's case) themselves a raise, all have established "independent" commissions to provide recommendations.

Well, your CTF was on the scene and also put forward recommendations.

Considering that provincial court judges received a 93 per cent pay raise over the past nine years — and are tied with Ontario for the highest paid provincial judges in Canada — your CTF recommended they adjust judges' salaries each year only by the change in *Average Weekly Earnings of Albertans*. This way, judge's salary only go up if Albertans' salaries have.

In two submissions, one entitled "Fair & Transparent Council Compensation," the other "Clear Wages," your CTF recommended to both Edmonton and Calgary's city

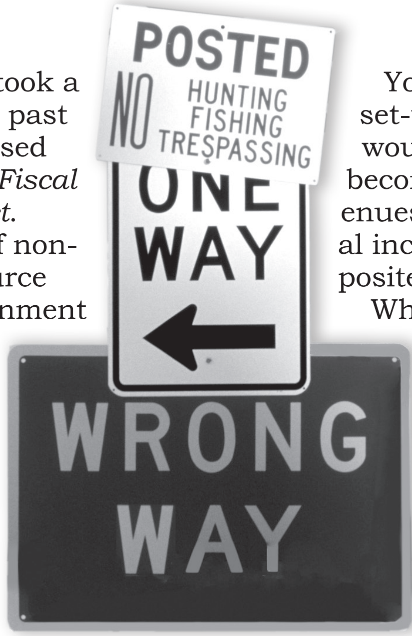
councils, that they come clean and eliminate the one-third tax-free status they get on their salary, roll all of their unreceiptable allowances into one lump-sum salary, and turf their severance pay (transition allowance).■

Concerned:

Call the mayor's office in Edmonton at (780) 496-8100 or in Calgary at (403) 268-5622, and tell them to introduce transparency into City Hall by accepting our recommendations.

You're going the wrong way!

The fiscal cap is intended to keep government spending under control for the day when oil prices drop. Instead ...



The Alberta government took a big step backwards this past session when MLAs passed Bill 24, the ironically named *Fiscal Responsibility Amendment Act*.

Bill 24 increased the cap of non-reliable, non-renewable resource revenues spent on core government programs (education, health care, roadway building, etc.) from $4.75 billion to $5.3 billion.

This increase was the third such increase in as many years. The *Fiscal Responsibility Act* was first amended to set a cap in 2003 at $3.5 billion. It was increased to $4 billion in 2004, to $4.75 billion in 2005, and now to a whopping $5.3 billion in 2006.

The original purpose of setting a cap was to ensure that core services would continue to be funded when (not if) our oil and gas revenues drop off. However, now that the cap has been amended every year, more and more of our core services are being funded by these non-reliable revenues.

Your CTF supported the initial set-up of a cap because we hoped it would help the Alberta government become less reliant on oil and gas revenues, but thanks to these now annual increases, it has done the exact opposite!

When first set at $3.5 billion, the cap represented 148% of a ten-year low of Alberta government resource revenues. Now at $5.3 billion, it represents 224% of a ten-year low for Alberta government resource revenues. A very scary prospect for the future.

In fact, if oil and gas revenues drop to what they were in 1999-2000, the Alberta government would be forced to dip into savings, cut spending, or run a deficit.■

Concerned:

Call the finance minister at 780-427-8809 (toll-free by dialling 310-0000 first), and let her know that they're going the wrong way!

Year	Initial spending cap of Resource Revenues (billions)	10-Year Resource Revenue Low (billions)	Initial spending as a % of 10-year low
03-04	$3.50	$2.368	147.8%
04-05	$4.00	$2.368	168.9%
05-06	$4.75	$2.368	200.6%
06-07	$5.30	$2.368	223.8%

Saskatchewan

Why business handouts are a BAD IDEA!

When the Saskatchewan government announced a $1.5 million subsidy to the bankrupt World Wide Pork in Moose Jaw, the news was received with open arms in many circles.

The employee union was happy because it gave them hope that 200 workers would continue to work in Moose Jaw at jobs they knew and liked. The government was happy because the deal essentially threw a lifeline to one of the biggest private employers in that city. The Opposition Saskatchewan Party applauded the move saying it helped maintain jobs in the much-loved agri-food business.

But is it really a good move? How long will taxpayers be asked to prop up World Wide Pork? If they have a solid business plan, why did they need a handout from government to re-start the plant?

World Wide Pork began laying off workers in May of 2005 after it fell behind on its bills to suppliers. Saskatchewan taxpayers were already on the hook for a $2 million loan to the struggling firm. The plant languished until the province chipped in another $1.5 million grant and converted the debt owed to taxpayers into equity. According to Agriculture Minister Mark Wartman, taxpayers now own six per cent of the newly-formed company.

Problem is, market decisions should be made by investors -- not by politicians and bureaucrats. The difference between a good and bad investment for an individual can have profound implications. There is no similar discipline for politicians or bureaucrats. Many of the key players in the Spudco fiasco are still comfortably em-

> “Market decisions should be made by investors -- not by politicians and bureaucrats. The difference between a good and bad investment for an individual can have profound implications. There is no similar discipline for politicians or bureaucrats. Many of the key players in the Spudco fiasco are still comfortably employed in government, still making business decisions with tax dollars.”

ployed in government, still making business decisions with tax dollars.

by David MacLean
Saskatchewan Director

Business subsidies are inherently unfair as they create an uneven playing field by diverting money away from successful, tax-paying companies to less successful, politically-connected ones.

Subsidies to money-losing ventures like pork plants and film companies draw workers away from profitable and productive industries. This is what economists call a "market distortion." Market distortions slow economic growth.

The government argues business subsidies are part of an overall economic development "strategy," but rarely does subsidization improve the economy. For evidence of that you need to look no further than Saskatchewan.

The best economic policy keeps taxes relatively low and constant for all operators, and keeps government out of the business of being in business. With recent reductions to business taxes, we're half way there. From here on in we must avoid the temptation to bail out businesses because, in the long run, that won't move Saskatchewan forward.■

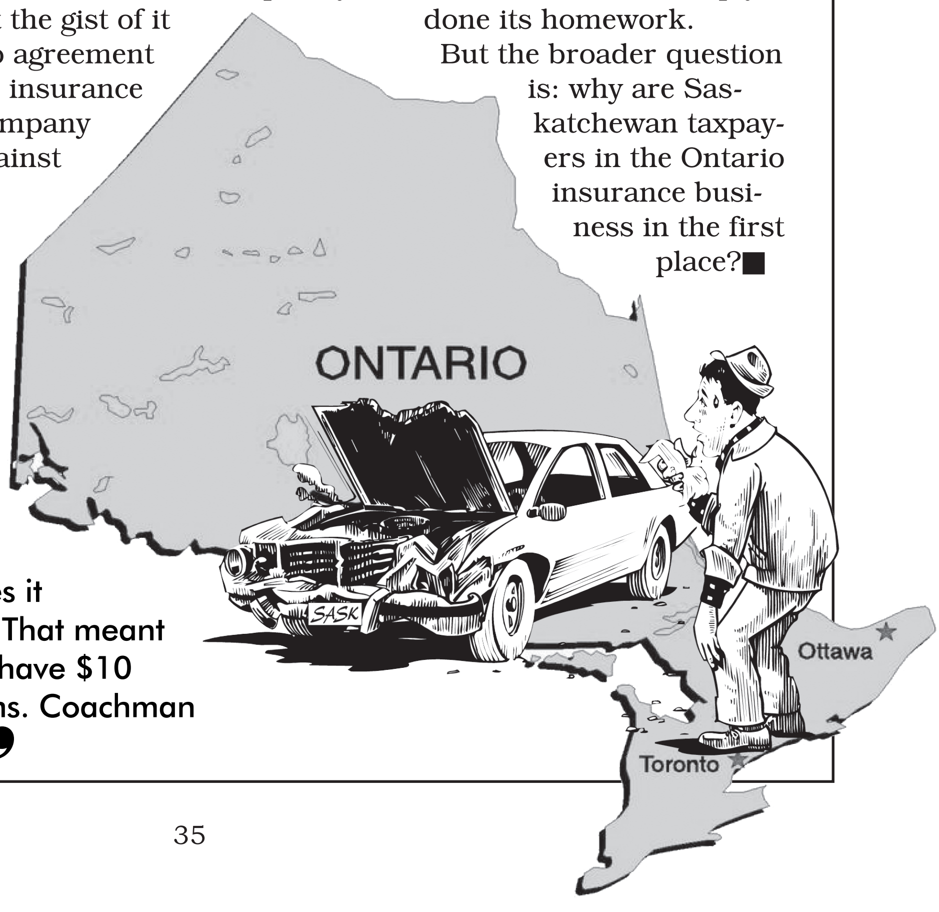
Coachman Insurance

Did you know SGI lost almost $10 million dollars in Ontario last year? It didn't get a lot of attention in the media (perhaps government-run business losses are becoming old-hat) but SGI subsidiary Coachman Insurance bungled a deal resulting in a massive loss for the company.

The story is complicated (as the insurance industry tends to be) but the gist of it is that Coachman entered into agreement with a private company to sell insurance for rental cars. The private company was responsible for claims against the policies it sold on Coachman's behalf. That meant the private company had to have $10 million to cover off any claims. Coachman never bothered to check (even though they were required to) to see if the private company actually had the money. They didn't, and the company went into voluntary receivership leaving SGI with a $10 million loss on their hands.

The provincial auditor says it was all completely avoidable – if SGI had simply done its homework.

But the broader question is: why are Saskatchewan taxpayers in the Ontario insurance business in the first place?■



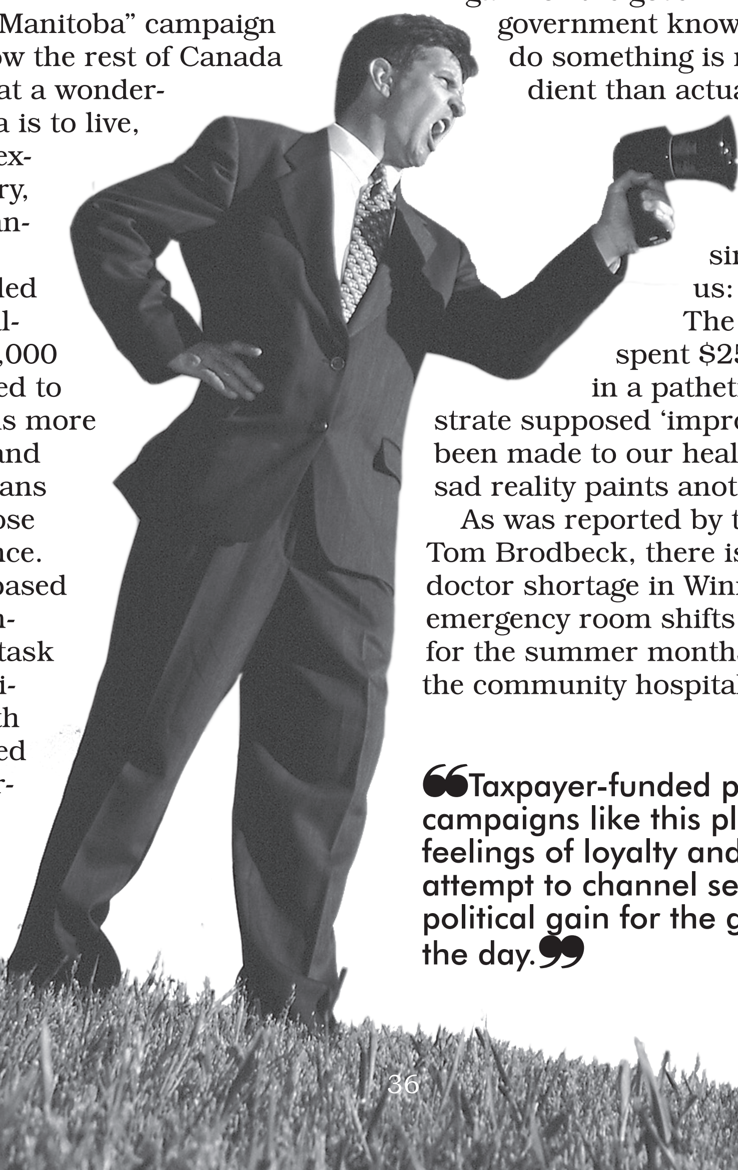
"Coachman entered into agreement with a private company to sell insurance for rental cars. The private company was responsible for claims against the policies it sold on Coachman's behalf. That meant the private company had to have $10 million to cover off any claims. Coachman never bothered to check..."

Manitoba

GOVERNMENT PROPAGANDA INC.

The NDP government has embarked upon two propaganda campaigns. The first is meant to keep Manitobans in the province and hopefully attract newcomers. The second is to convince us the government is solving our ever-growing health care crisis.

The “Branding Manitoba” campaign is designed to show the rest of Canada and the world what a wonderful place Manitoba is to live, and to win back expatriates in Calgary, Edmonton and Vancouver. However, this taxpayer-funded campaign, originally pegged at $500,000 has since ballooned to $1.6 million and is more about the hearts and minds of Manitobans than it is from those outside the province.



The New York-based company who handled the onerous task of “Branding Manitoba” came up with the slogan “Spirited Energy.” Commercials show prominent Manitobans grinning from ear to ear, with a voice over and upbeat music telling the audience why they have stayed in the province.

Taxpayer-funded propaganda campaigns like this play on our feelings of loyalty and patriotism, and attempt to channel sentiment toward political gain for the government of the day. The government knows that ‘appearing’ to do something is more politically expedient than actually doing something.

The second campaign also does a fine job of pulling on our heart strings since it affects each of us: health care.

The NDP government has spent $259,000 of our money in a pathetic attempt to demonstrate supposed ‘improvements’ that have been made to our health care system. The sad reality paints another picture.

As was reported by the *Winnipeg Sun’s* Tom Brodbeck, there is such a devastating doctor shortage in Winnipeg that over 350 emergency room shifts have not been filled for the summer months. Further, some of the community hospitals will be losing two

> “Taxpayer-funded propaganda campaigns like this play on our feelings of loyalty and patriotism, and attempt to channel sentiment toward political gain for the government of the day.”

more ER doctors putting the shortage at 15 full-time physicians.

But it is not just the Capital Region that is facing a crisis. Brandon has contended with a pediatric doctor shortage for over a year — a shortage the Brandon Regional Health Authority is either unwilling or incapable of dealing with.

To add insult to what will likely be a lot of injury this summer, the Winnipeg Regional Health Authority (WRHA) has bloated its bureaucracy by 23 percent since 2003 according to the Official Opposition. Staff at the WRHA includes a chief executive officer, six vice-presidents, 95 directors and managers, 31 co-coordinators, 63 administrative assistants and numerous clerks and resource workers.

So there you have it dear taxpayer: the government spent $1,859,000 trying to bribe us into a false sense of security.

Can you feel it? ■

FLOODWAY DISASTER . . . .

by Adrienne Batra
Manitoba Director

Two years ago when your Canadian Taxpayers Federation (CTF) warned the forced unionization pact for floodway workers would drive up costs for taxpayers, Premier Doer rebuffed the suggestion as fear mongering.

Unfortunately, it has now been confirmed the original cost of $660 million for Manitoba's largest-ever capital project is now hovering around the $800 million mark – a 22 percent increase. The Doer government is blaming higher fuel and insurance costs for the overruns and insists it has nothing to do with the master labour agreement.

Industry experts disagree.

Onerous requirements from the complex labour agreement with inflated wages and benefits packages are the real culprit for such a dramatic increase in the project's costs.

Regardless of what a company would normally pay their staff, if they are working on the floodway project they must pay their staff what is set out in the labour agreement. Further, whether workers are unionized or not, they have to pay union dues.

Moreover, any company receiving a contract is subject to government approval of the size and make-up of work crews. For example, if a company wants to hire more people the first hire has to be a card-carrying union member, the second hire has to be from the government sanctioned employment equity pool, the third from a generic pool of floodway workers.

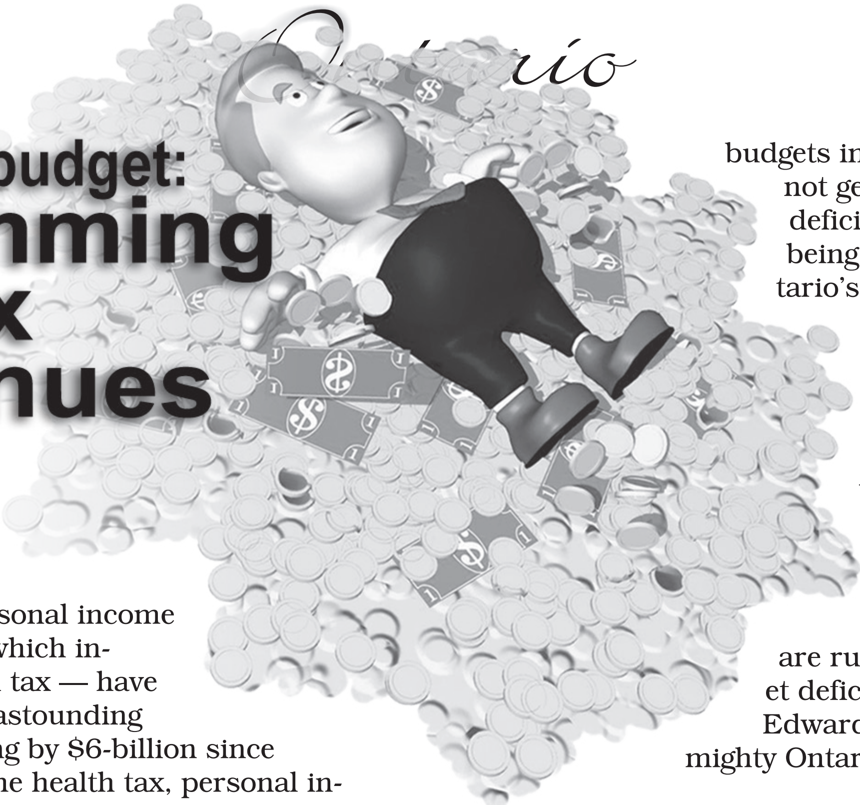
Most Manitobans are acutely aware of Premier Doer's roots and his sense of loyalty to his brothers and sisters in the unions which he used to represent. However, once elected premier, it's his responsibility to ensure that taxpayers in Manitoba, those whom he represents now, get the best bang for their buck.

The NDP government's union requirement for this project now has the potential to bring about instability in the province's labour force with private companies pulling up stakes and moving to jurisdictions where they can actually compete for contracts without such stringent guidelines.

As for taxpayers, the friendship between NDP and Big Labour is becoming increasingly costly. ■

"it has now been confirmed the original cost of $660 million for Manitoba's largest capital project is now hovering around the $800 million mark"

Ontario budget: Swimming in tax revenues



by Adam Taylor

Since the Liberals assumed office personal income tax revenues — which includes the health tax — have increased by an astounding 32 per cent, rising by $6-billion since 2003. Without the health tax, personal income tax revenues increased by 18 per cent.

The rise in corporate tax revenues is even more dramatic. Upon assuming office the McGuinty government repealed corporate tax relief: the general rate rose from 12.5 per cent to 14 per cent and the manufacturers' rate jumped to 12 per cent from 11 per cent.

And yet another deficit is on the books because every revenue increase is met with a corresponding spending increase.

Still in the Red

After promising to balance the budget every year in the 2003 election campaign, Premier McGuinty quickly reneged on that commitment and has produced three consecutive budgets in deficit. By not getting rid of the deficit, billions are being added to Ontario's debt, which stands at $147-billion and costs $9.4-billion a year in interest. That is $26-million a day! Only two provinces in Canada are running budget deficits: tiny Prince Edward Island and mighty Ontario.

Higher taxes and spending taking a toll on economy

Between 1997 and 2002, the Ontario economy grew at a faster pace than the national average. Starting in 2003 the province dropped behind the Canadian average. The 2006 Budget forecasts the province will continue to lag behind the Canadian average over the next two years. Ontario now ranks behind Alberta and British Columbia as an investment-friendly jurisdiction. Proposed tax reforms in New Democratic Saskatchewan could soon push Ontario further down the ranking.

Growth in Queen's Park personal income tax bite

Fiscal Year	Personal Income Tax Revenues	Percentage Change since 2003-04
2003-04	$18.3-billion	-
2004-05*	$21.1-billion	15.3%
2005-06*	$23.5-billion	28.4%
2006-07*	$24.2-billion	32.2%

* Includes Liberal health tax premium

Growth in Ontario's corporate income tax bite

Fiscal Year	Corporate Income Tax Revenues	Percentage Change since 2003-04
2003-04	$6.66-billion	-
2004-05	$9.88-billion	48.3%
2005-06	$9.73-billion	46.1%
2006-07	$9.85-billion	47.9%

Toronto Tunnel Vision

McGuinty's tax and spend philosophy		
Fiscal Year	Total Program Spending*	Percentage Chang since 2003-04
2003-04	$64.3-billion	--
2004-05	$70.0-billion	8.9%
2005-06	$76.2-billion	18.5% (annual 8.9%
2006-07	$77.7-billion	20.8% (annual 1.9%

To add insult to injury, the province's 2006 budget shows that not all regions of the province are created equal. Mr. McGuinty appears to have staked his re-election on the city of Toronto and the GTA, giving them a feast of new goodies, while the rest of Ontario is left to divvy up the crumbs and pay tax bills.

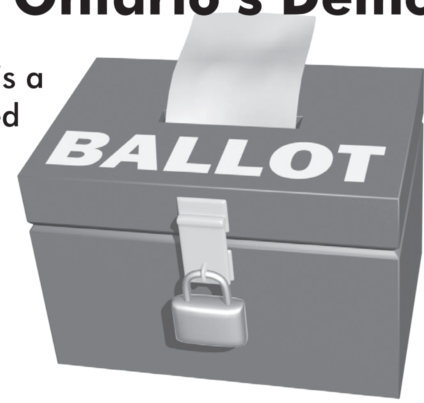
Mayor David Miller's eternally fiscally incompetent city of Toronto came out the big budget winner. While the mayor would have preferred a cheque for $400-million to cover Toronto's budget shortfall, he instead received a $200-million one-time payment for "subway operations."

Toronto came out on top in other ways on budget day. Of the $1.2-billion in new funding for public transit and infrastructure projects, $838-million of it is dedicated for so-called "priority projects" in the GTA, the bulk of which is dedicated to transit expansion in the York region. The rest of the province will split the remaining 30 per cent of the money.

With eyes squarely on re-election in 2007, the McGuinty Liberals are focused on the Toronto urban vote. This is evident given the boost of money to the GTA, while the agriculture budget is slashed by $215-million – roughly the same amount given to Toronto for yet another bailout.■

McGuinty's Mockery of Ontario's Democracy

> "The amendment is a politicians dream created by, not surprisingly, other politicians."



While random Ontarians are being selected to serve on a provincial Citizens' Assembly on Electoral Reform with the goal of improving democracy in Ontario, their provincial government was busy taking a piece of local democracy away.

Tucked in Bill 81, a budgetary bill, is "Schedule H" an amendment to the *Municipal Elections Act* increasing the terms of municipal politicians from three years to four. A great move if you're a municipal politician, a terrible one if you are a voter.

The amendment is a politicians dream created by, not surprisingly, other politicians. The government claims this move is about "respecting our municipalities." However, it shows a total lack of respect for voters. Little to no public consultation was undertaken, and local voters had no opportunity to approve or turf this proposal in a referendum.

Ultimately, this amendment will mean that voters will lose by making their local politicians less accountable. It means less democracy at a time when Ontarians and Canadians are begging for more. And it means that politicians who may have lost the support of their citizens will hold the reins of power longer.

The only way this move to increase the term of office should ever have been approved was if it was (a) done in conjunction with giving citizens the right to recall their elected officials, or (b) approved in a referendum.■

SPECIAL OFFER

A Nation of Serfs

How Canada's political culture corrupts Canadian values.

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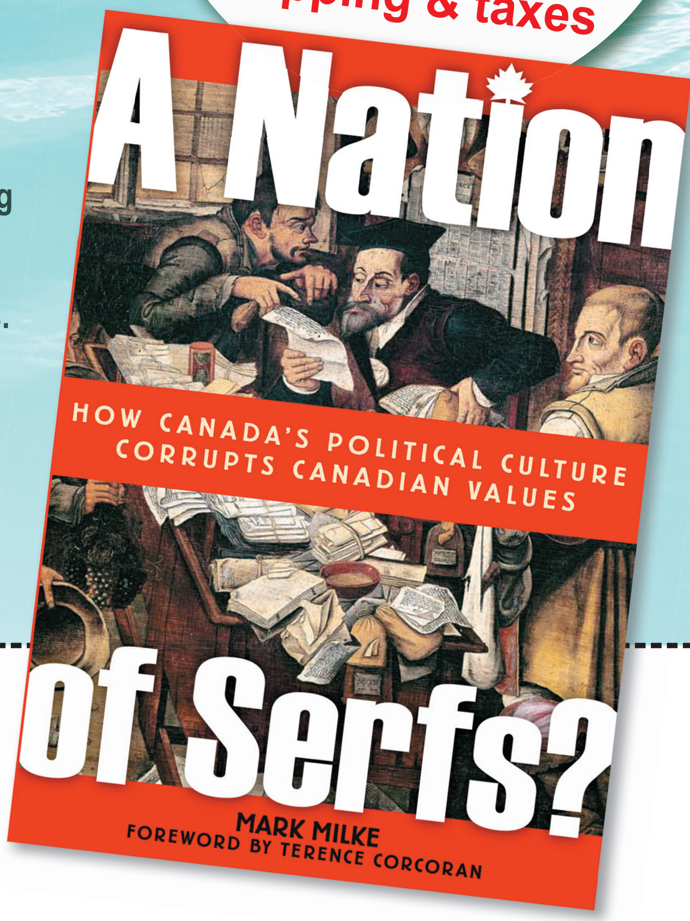
Written by former CTF director Mark Milke, author of the Canadian best seller, *Tax Me, I'm Canadian*, Milke looks at why Canada's politicians and judges often make citizens sore. Big surprise: While Canadians are responsible, play fair, and raise their kids to be the same, we often accept far less from those who govern and judge us.

Tragically, just as some politicians like Prime Minister Stephen Harper suggests scrapping gag laws, cuting taxes and bringing in tougher sentences, he's opposed by a political-bureaucratic-judicial axis with its own twisted priorities. With dry wit, Milke explains how:

- separatist sympathizers end up as head of state;
- courts are soft on crime but tough on free speech; and
- why the rise of the New West will change Canada for the better.



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